

Vol. III
TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1921.

No. 296.

**CHARLES D. NEWTON, AS ATTORNEY GENERAL OF THE
STATE OF NEW YORK, AND ALFRED M. BARRETT,
CONSTITUTING THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NEW YORK FOR THE FIRST DIS-
TRICT, APPELLANTS,**

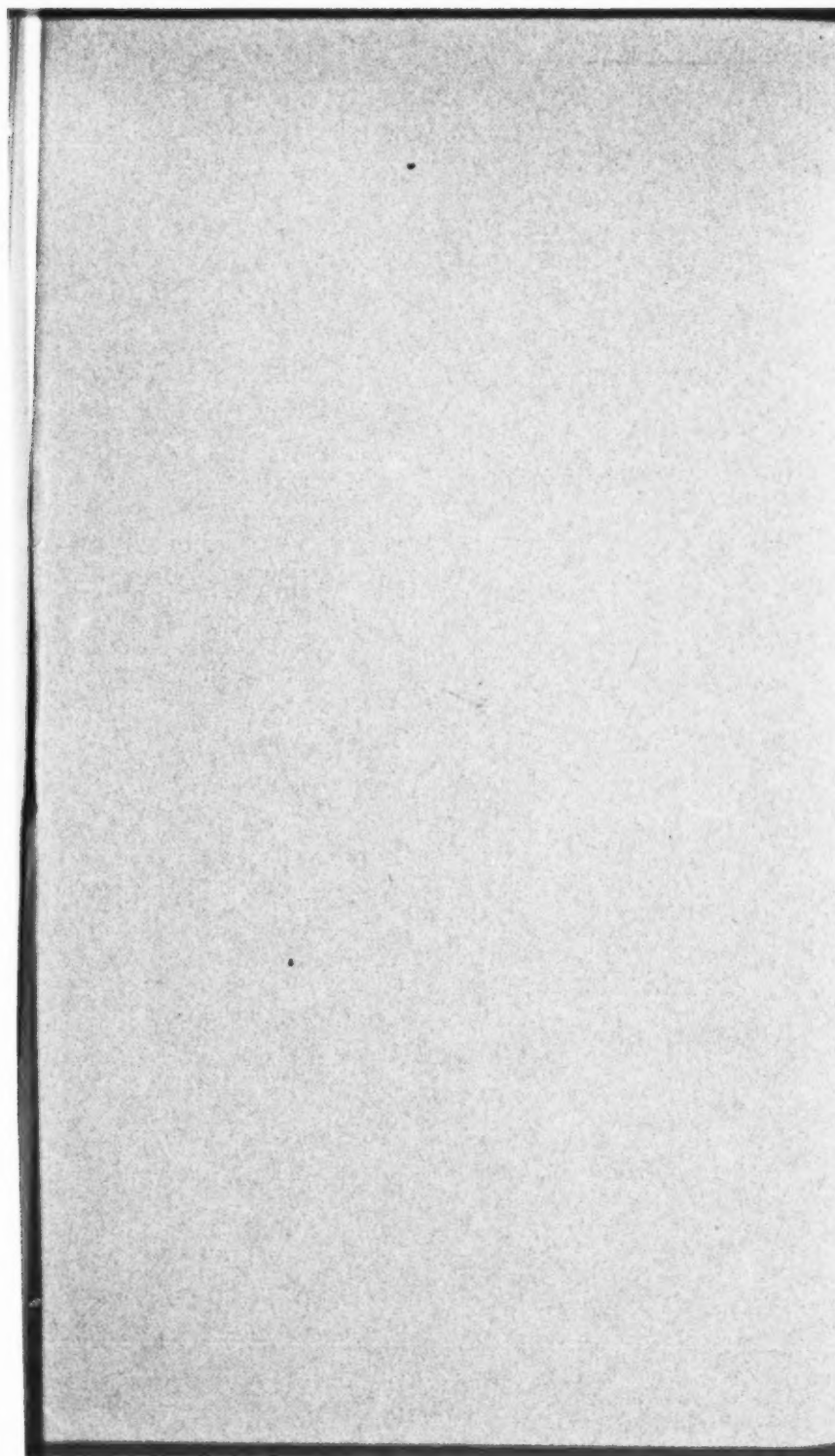
vs.

NEW YORK & QUEENS GAS COMPANY.

**APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR
THE SOUTHERN DISTRICT OF NEW YORK.**

FILED APRIL 11, 1921.

(28,225)



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Certificate of incorporation of New York and Queens Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #2.

Certificate of incorporation of Flushing Gas Light Company.
Not printed.

COMPLAINANT'S EXHIBIT #3.

Certificate for the extension of the existence of the Flushing Gas Light Company.
Not printed.

COMPLAINANT'S EXHIBIT #4.

Certificate of incorporation of the Flushing Gas and Electric Light Company.
Not printed.

COMPLAINANT'S EXHIBIT #5.

Certificate of incorporation of New York and Queens Gas and Electric Company.
Not printed.

COMPLAINANT'S EXHIBIT #6.

Certificate of association of the College Point Gas Company.
Not printed.

5

COMPLAINANT'S EXHIBIT #7.

Certificate of incorporation of the Whitestone Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #8.

Certificate of incorporation of the Long Island Illuminating Company.
Not printed.

COMPLAINANT'S EXHIBIT #9.

Certificate of incorporation of the Newtown and Flushing Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #10.

Deed of Flushing franchises and plants from the Flushing Gas Light Company to Flushing Gas and Electric Light Company.
Not printed.

COMPLAINANT'S EXHIBIT #11.

Certificate of merger of Flushing Gas and Electric Light Company into New York and Queens Gas and Electric Company.
Not printed.

COMPLAINANT'S EXHIBIT #12.

Assignment of gas plant and franchises from the New York and Queens Gas and Electric Company to Newtown and Flushing Gas Company.
Not printed.

2376 COMPLAINANT'S EXHIBIT #13.

Assignment of certain franchises from the Whitestone Gas Company to the Newtown and Flushing Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #14.

Certificate of merger of the College Point Gas Company into the Newtown and Flushing Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #15.

Certificate of merger of the Newtown and Flushing Gas Company into the New York and Queens Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #16.

Acts relating to Gas Corporation, dated February 16, 1848.
Not printed.

2377 COMPLAINANT'S EXHIBIT 17.

Laws of 1906, State of New York.

Chapter 125.

An Act in Relation to Illuminating Gas in the City of New York and Regulating the Quality and Pressure Thereof and the Price to Consumers Other Than said City and Providing a Penalty for Violation.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. A corporation, association, copartnership or person engaged in the business of manufacturing, furnishing or selling illuminating gas in the city of New York, except in the fifth ward of the Borough of Queens and in that portion of the borough of the Bronx formerly contained in the towns of Eastchester and Pelham, shall not charge or receive for gas manufactured, furnished or sold in said city a sum per one thousand cubic feet in excess of the following rates:

1. In the borough of Manhattan, in the first ward of the borough of Queens, in the borough of Brooklyn, except the thirtieth and thirty-first wards thereof, and in the borough of the Bronx, except that portion of it formerly contained in the town of Westchester outside of the villages of Wakefield and Williamsbridge, eighty cents.
2. In the second and fourth wards of the borough of Queens, and in the thirtieth ward of the borough of Brooklyn, one dollar.
3. In the third ward of the borough of Queens, in the thirty-first ward of the borough of Brooklyn, and in the borough of Richmond, one dollar and twenty-five cents for the remainder of the year nineteen hundred and six; one dollar and twenty cents during the year nineteen hundred and seven; one dollar and fifteen cents during the year nineteen hundred and eight; one dollar and ten cents
2378 during the year nineteen hundred and nine; one dollar and five cents during the year nineteen hundred and ten; and one dollar thereafter.
4. In that portion of the borough of the Bronx, formerly contained in the town of Westchester, outside of the villages of Wakefield and Williamsbridge, one dollar and fifteen cents during the years nineteen hundred and six, nineteen hundred and seven and nineteen hundred and eight; one dollar and ten cents during the year 1909; one dollar and five cents during the year nineteen hundred and ten; and one dollar thereafter.
2. The illuminating gas furnished by any such corporation, association, copartnership or person shall have an illuminating power of not less than twenty-two sperm candles of six to a pound, burning at the rate of one and twenty grains of spermaceti per hour tested at a distance of not less than one mile from the distributing holder by a burner consuming five cubic feet of gas per hour and each one hundred cubic feet of gas shall not contain more than five grains of ammonia nor more than twenty grains of sulphur nor more than a trace of sulphuretted hydrogen. The pressure of illuminating gas in any service mains in the said city at any distance from the place of manufacture shall not be less than one inch, nor more than two and one-half inches.
3. Any corporation, association, copartnership or person violating any provisions of this act shall forfeit the sum of one thousand dollars for each offense to the people of the state.
4. This act shall not apply to gas furnished or sold to the city of New York.

5. Chapter three hundred and eighty-five of the laws of eighteen hundred and ninety-seven, entitled "An Act to regulate the price of illuminating gas in cities of fifteen hundred thousand inhabitants," and all other acts or parts of acts inconsistent herewith are hereby repealed.

2379 6. This act shall take effect on the first day of May, nineteen hundred and six.

2380

COMPLAINANT'S EXHIBIT 18.

Chap. 612, Laws of 1916, State of New York.

An act to amend chapter one hundred and twenty-five of the laws of nineteen hundred and six, entitled "An act in relation to illuminating gas in the city of New York and regulating the quality and pressure thereof and the price to consumers other than said city and providing a penalty for violation," in relation to metering of gas.

Became a law May 20, 1916, with the approval of the Governor. Passed, three-fifths being present.

Accepted by the City.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Sections three, four and five of chapter one hundred and twenty-five of the laws of nineteen hundred and six, entitled "An act in relation to illuminating gas in the city of New York and regulating the quality and pressure thereof and the price to consumers other than said city and providing a penalty for violation," are hereby renumbered, respectively, five, six and seven.

§2. Such chapter is hereby amended by inserting in place of sections three and four hereby renumbered five and six two new sections, to be sections three and four thereof, to read, respectively, as follows:

§3. Every such corporation, company, association, joint stock association, partnership or person, their lessees or trustees, manufacturing, furnishing or selling gas in the city of New York, 2381 shall meter all gas used by it or him in the conduct of its or his business and shall keep an accurate record thereof, and shall include it in their annual report to the public service commission. The amount of gas so consumed shall be charged in such manner and to such accounts as prescribed by the public service commission.

§4. Every agent, servant or employee of any such corporation, association, partnership or person on reading the meter of any consumer shall, upon written request of the consumer or if made at the time of reading such meter, make out and leave with such con-

sumer a card or record showing the index of the meter at time of such reading.

§3. This act shall take effect immediately.

2382

COMPLAINANT'S EXHIBIT 19

Chap. 666, Laws of 1917, State of New York.

An act to amend chapter one hundred and twenty-five of the laws of nineteen hundred and six, entitled "An act in relation to illuminating gas in the city of New York and regulating the quality and pressure thereof and the price to consumers other than said city and providing a penalty for violation," in relation to the price of and the agency for supplying gas to consumers in certain territory now in the borough of Brooklyn and formerly in the borough of queens.

Became a law May 26, 1917, with the approval of the Governor.
Passed, three-fifths being present.
Accepted by the City.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Subdivisions one and two of section one of chapter one hundred and twenty-five of the laws of nineteen hundred and six, entitled "An act in relation to illuminating gas in the city of New York and regulating the quality and pressure thereof and the price to consumers other than said city and providing a penalty for violation," as amended by chapter six hundred and four of the laws of nineteen hundred and sixteen, are hereby amended to read, respectively, as follows:

1. In the borough of manhattan, in the first ward of the borough of Queens, in the borough of Brooklyn, including also the territory added to the county of Kings and made part of the borough of Brooklyn by chapter four hundred and ten of the laws of nineteen hundred and fifteen, as amended by the laws of nineteen hundred and seventeen, and the borough of the Bronx, except that
2383 portion of it formerly contained in the town of Westchester outside of the villages of Wakefield and Williamsbridge, eighty cents.

2. In the borough of Richmond and in the second, third and fourth wards of the borough of Queens, except that part of the second ward of the borough of Queens which was added to the county of Kings and made part of the borough of Brooklyn, by chapter four hundred and ten of the laws of nineteen hundred and fifteen, as amended by the laws of nineteen hundred and seventeen, one dollar.

§2. This act shall take effect July first, nineteen hundred and seventeen.

1478 C. D. NEWTON ET AL. VS. N. Y. & QUEENS GAS CO.

2384 COMPLAINANT'S EXHIBIT #20.

Franchise from Commissioners of Highways, Town of Newtown to Charles F. Smith.
Not printed.

COMPLAINANT'S EXHIBIT #21.

Assignment by Charles F. Smith of franchise in foregoing exhibit #20 to the New York and Queens Gas and Electric Company.
Not printed.

COMPLAINANT'S EXHIBIT #22.

Petition and franchise from highway commissioners of Town of Flushing Gas Light Company.
Not printed.

COMPLAINANT'S EXHIBIT #23.

Copy of minutes to trustees of the village of Flushing, granting franchise in the village to the Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #24.

Agreement between Flushing Gas and Electric Light Company and Village of Flushing, dated, November 23, 1897.
Not printed.

COMPLAINANT'S EXHIBIT #25.

Franchise from Board of Trustees of the Village of Whitestone to Flushing Gas and Electric Light Company.
Not printed.

2385 COMPLAINANT'S EXHIBIT #26.

Franchise from the trustees of the Town of Flushing to the College Point Gas Company.
Not printed.

COMPLAINANT'S EXHIBIT #27.

Consent covering the franchise in the foregoing exhibit #26, dated May 5, 1866.
Not printed.

COMPLAINANT'S EXHIBIT #28.

Franchise from Board of Highway Commissioners of the Town of Jamaica to the Long Island Illuminating Company.
Not printed.

COMPLAINANT'S EX. #29.

Franchise, Town Board of Jamaica to Long Island Illuminating Company.

Not printed.

2386

COMPLAINANT'S EXHIBIT #30.

Assignment of Franchise from the Long Island Illuminating Company to the Newtown and Flushing Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #31.

Deed from Charles Miller to Flushing Gas Light Company.

Not printed.

COMPLAINANT'S EXHIBIT #32.

Deed from Thomas Leggett to Flushing Gas Light Company.

Not printed.

COMPLAINANT'S EXHIBIT #33.

Deed from Robert Haydock to Flushing Gas Light Company.

Not printed.

COMPLAINANT'S EXHIBIT #34.

Deed from W. Downing to the Flushing Gas Light Company.

Not printed.

COMPLAINANT'S EXHIBIT #35.

Deed from John Griffin to Flushing Gas Light Company.

Not printed.

COMPLAINANT'S EXHIBIT #36.

Deed from Patrick Clark to Flushing Gas Light Company.

Not printed.

COMPLAINANT'S EXHIBIT #37.

Deed from Henry R. Wilson to Newton and Flushing Gas Co.

Not printed.

2387

COMPLAINANT'S EXHIBIT #38.

Deed from Mary E. Rogers to New York and Queens Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #39.

Deed from Elizabeth J. Kirby to New York and Queens Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #40.

Deed from John F. Rogers to New York and Queens Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #41.

Deed from Celia F. Rogers to New York and Queens Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #42.

Deed from Mary Powers to New York and Queens Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #43.

Deed from Flushingside Realty and Construction Company to New York and Queens Gas Company.

Not printed.

2388

COMPLAINANT'S EXHIBIT #44.

Deed from William P. McMahon, et al., to New York and Queens Gas Company.

Not printed.

COMPLAINANT'S EXHIBIT #45.

Deed from William Raynor to New York and Queens Gas Company.

Not printed.

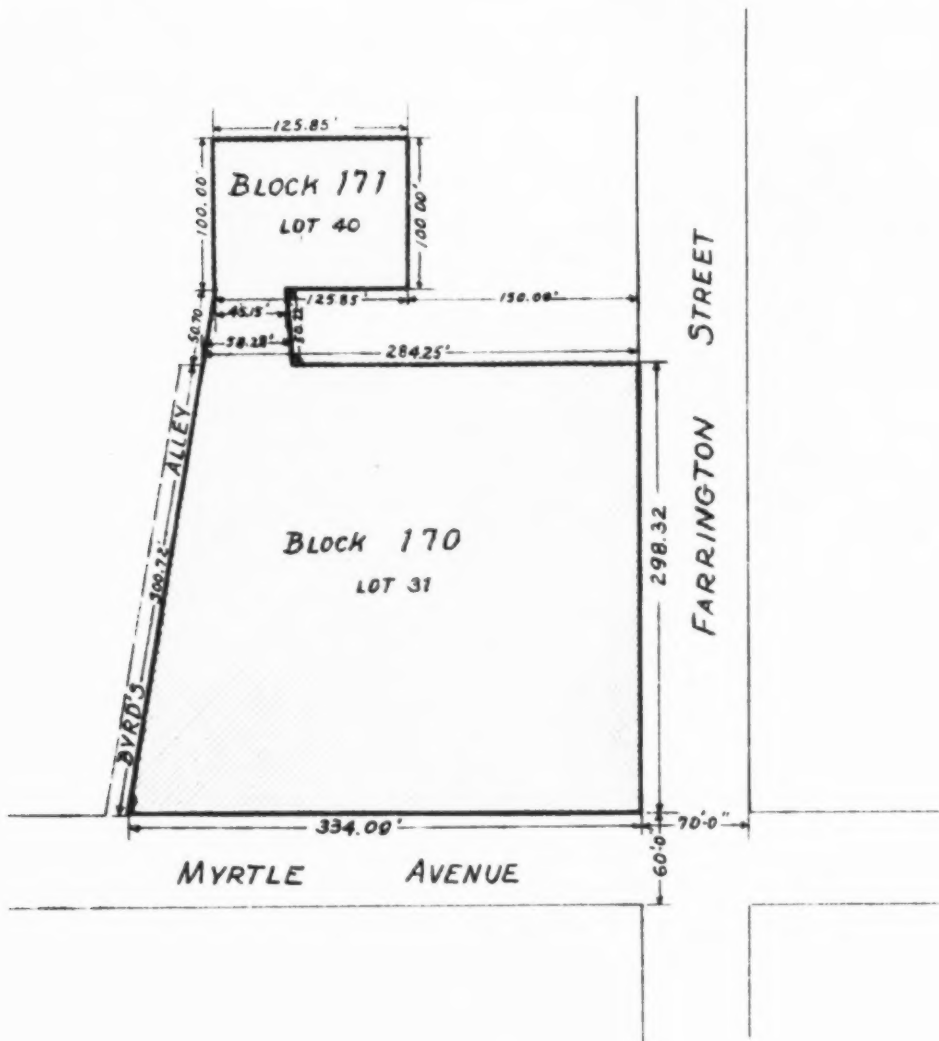
COMPLAINANT'S EXHIBIT #46.

Deed from George Pople to New York and Queens Gas Company.

Not printed.

(Here follow reproductions of Complainant's Exhibits Nos. 47 and 48, marked pages 2389 to 2406, inclusive.)

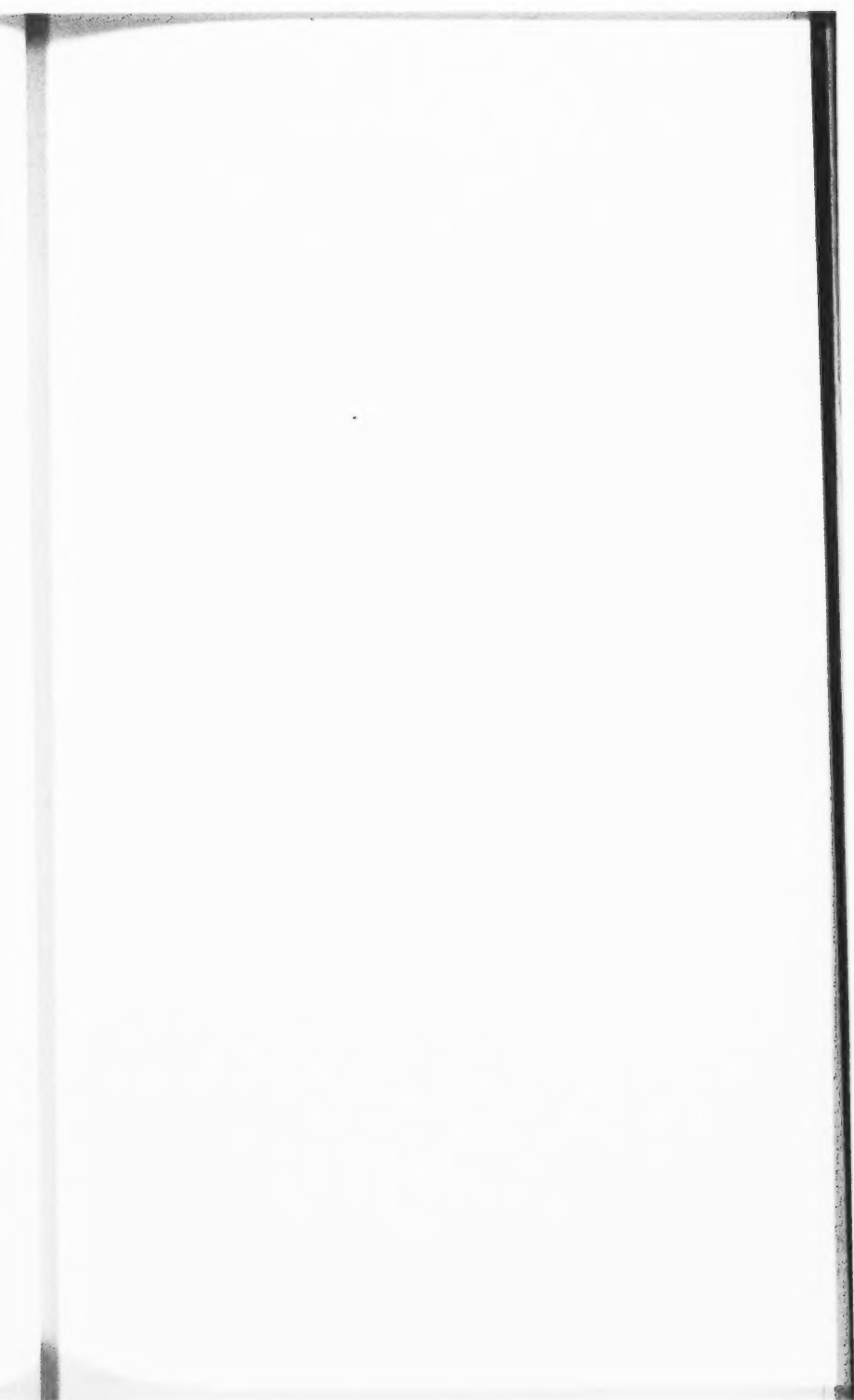


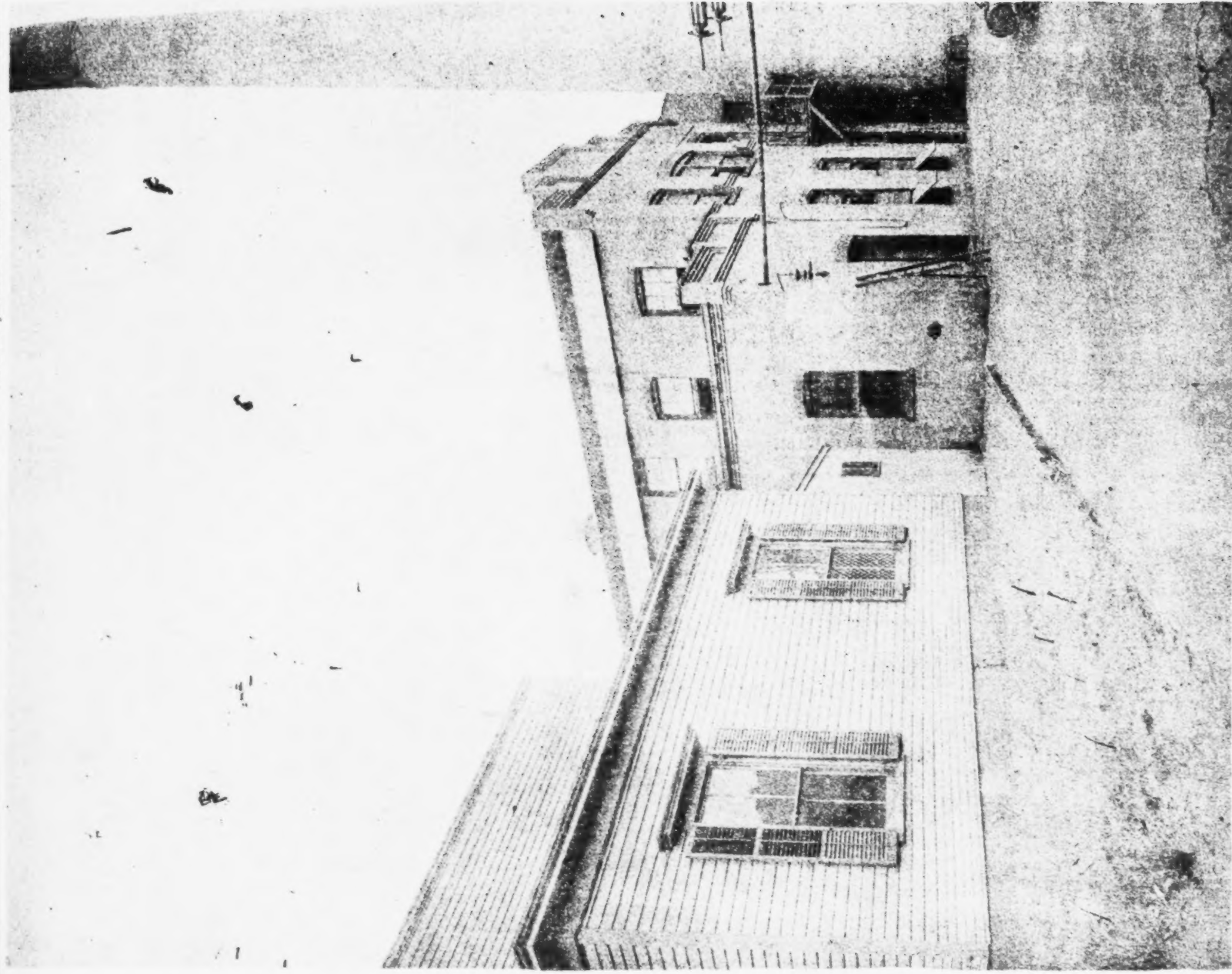


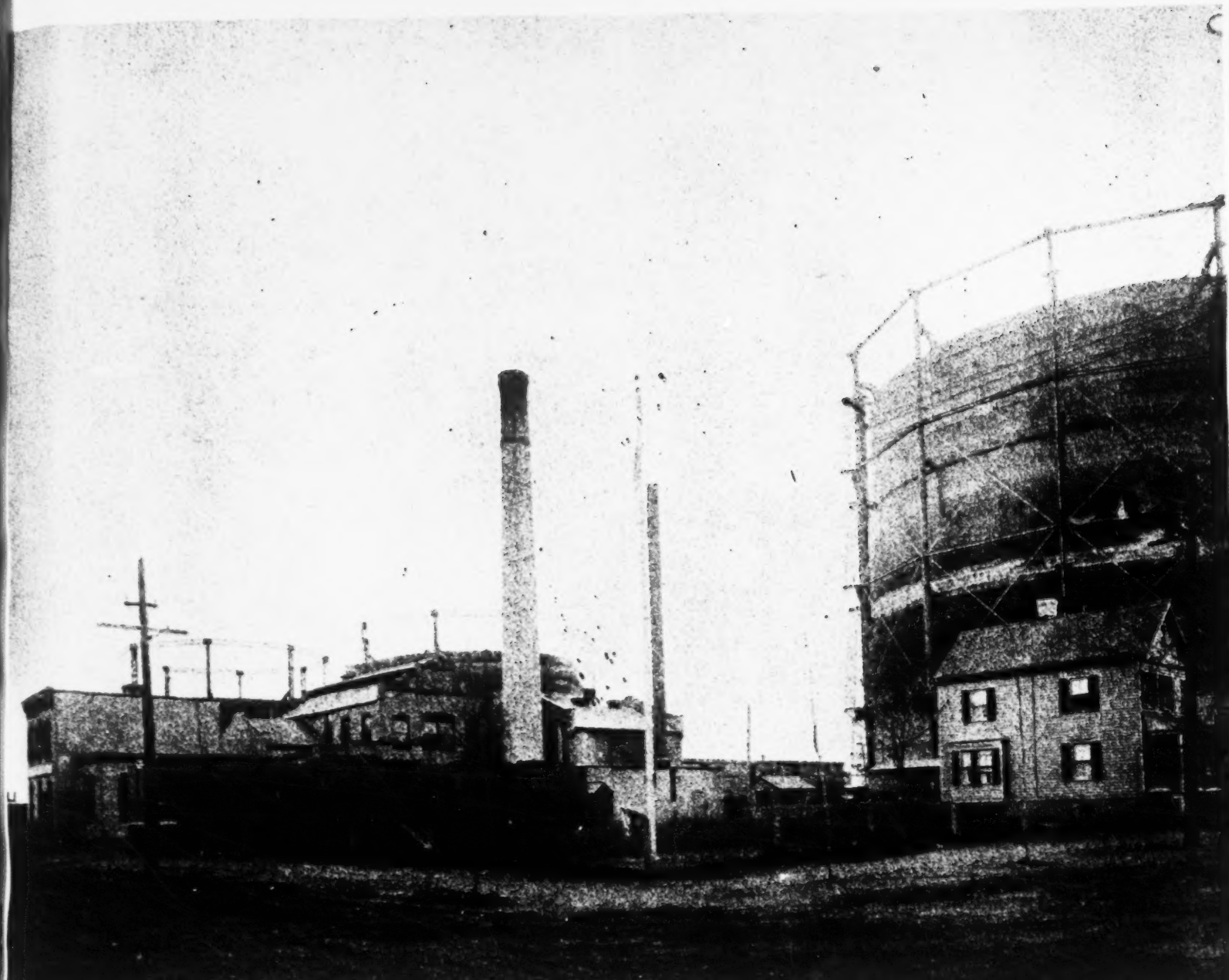
Complainant's Exhibit 47

NEW YORK & QUEENS GAS CO.
OF FLUSHING
REAL ESTATE IN BLOCKS
Nos. 170, 171
BOROUGH OF QUEENS

SCALE 1 INCH = 80 FEET

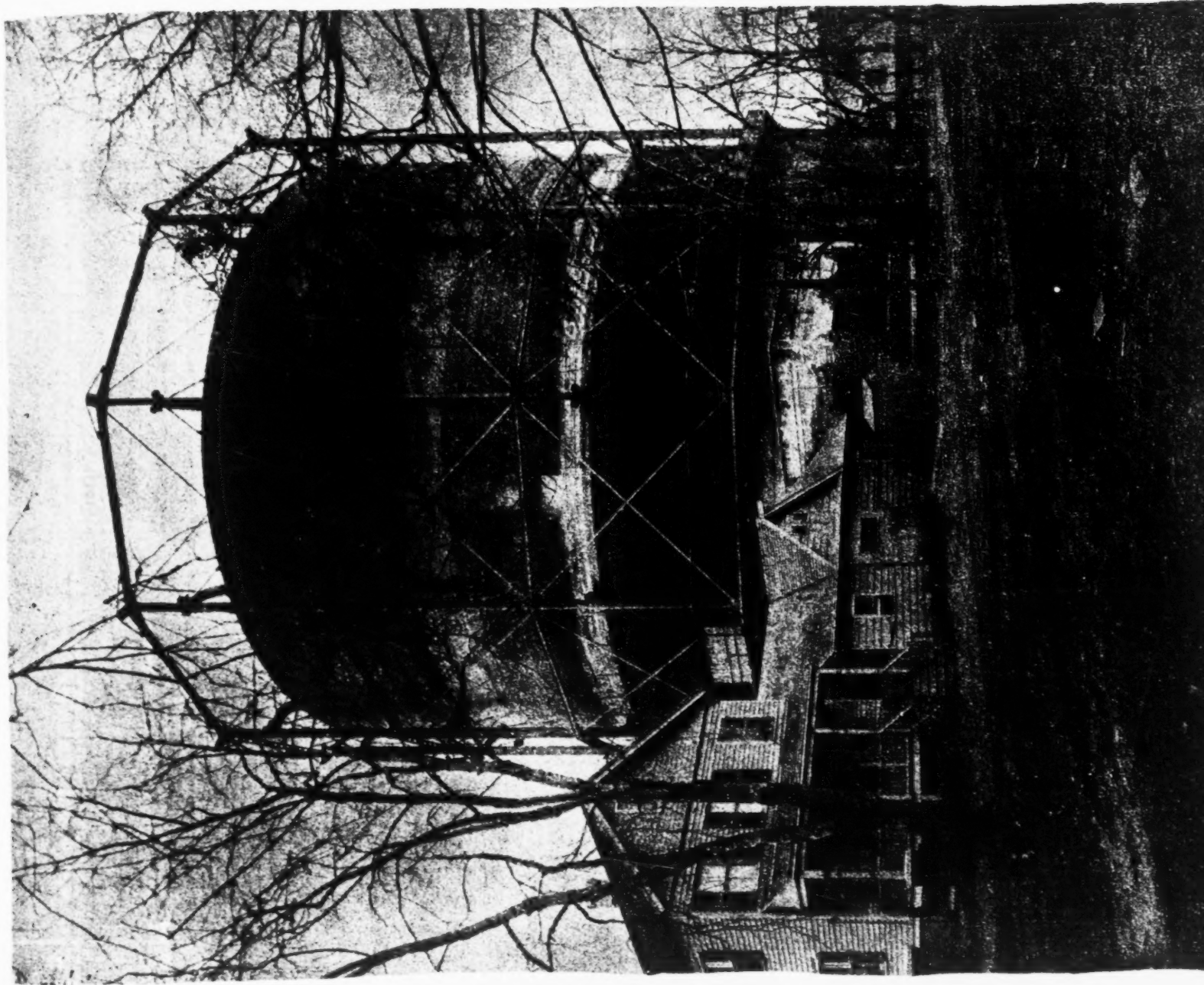


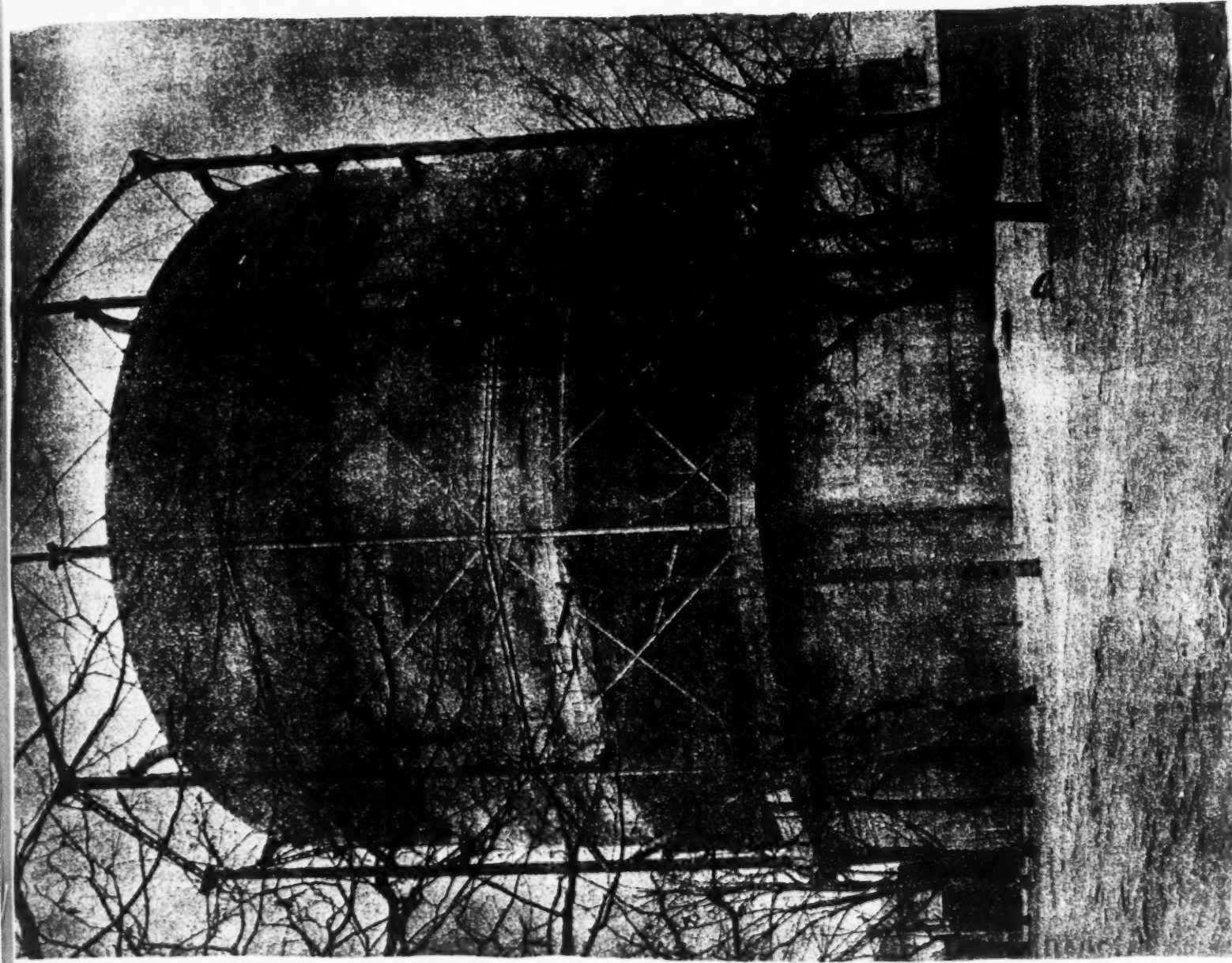


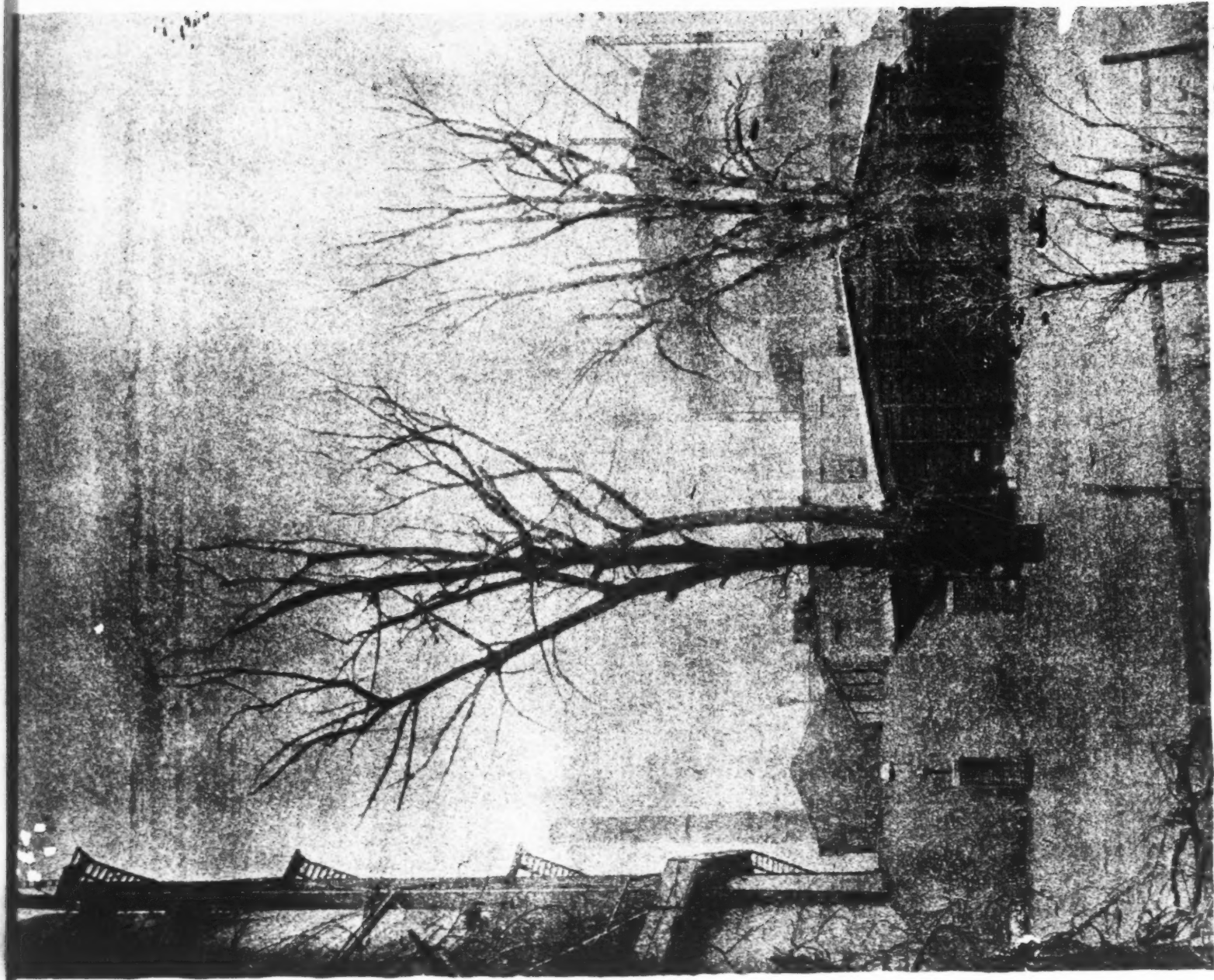


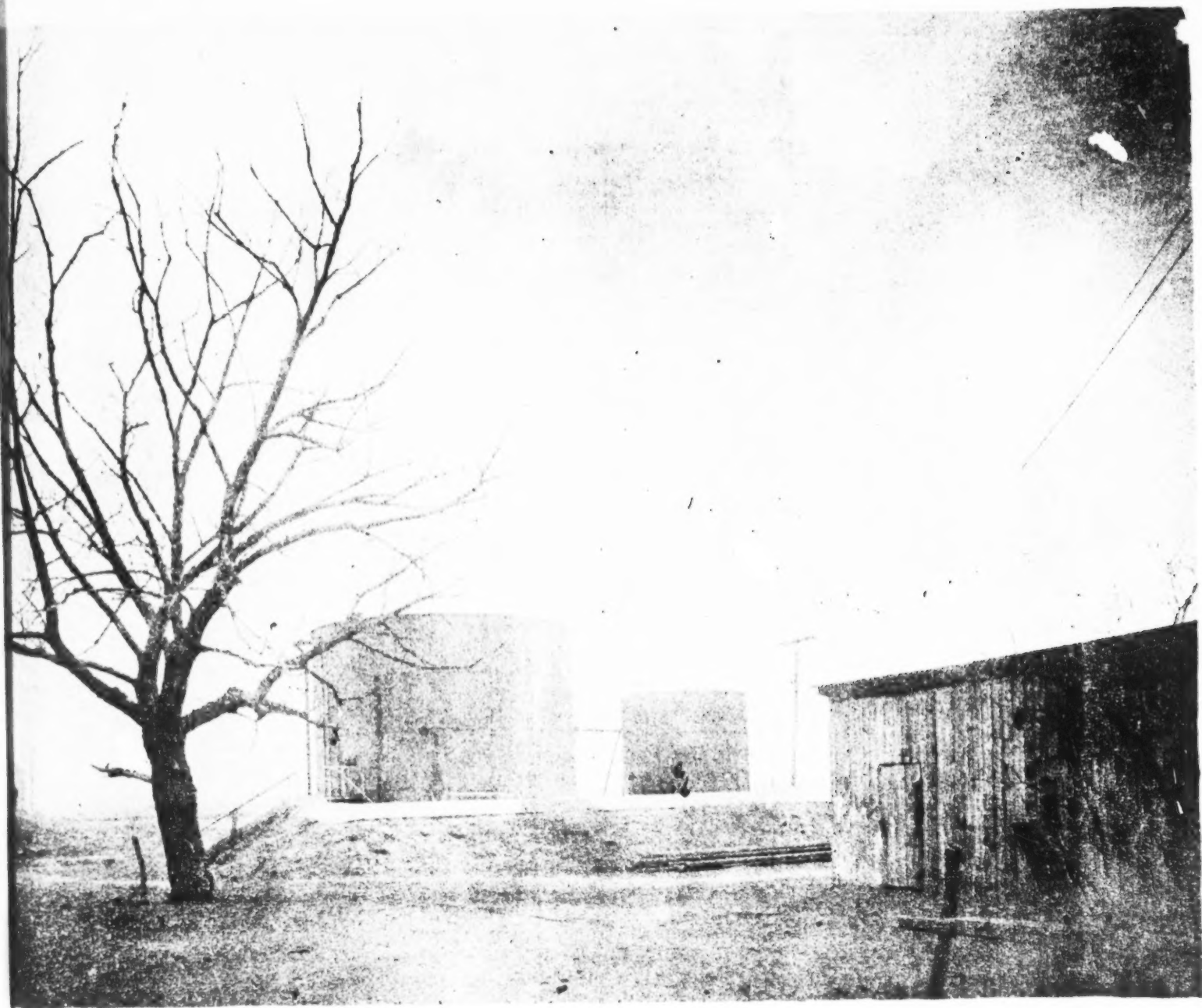
Complainants' Exhibit 48

From the top of the tower to the top of the hill

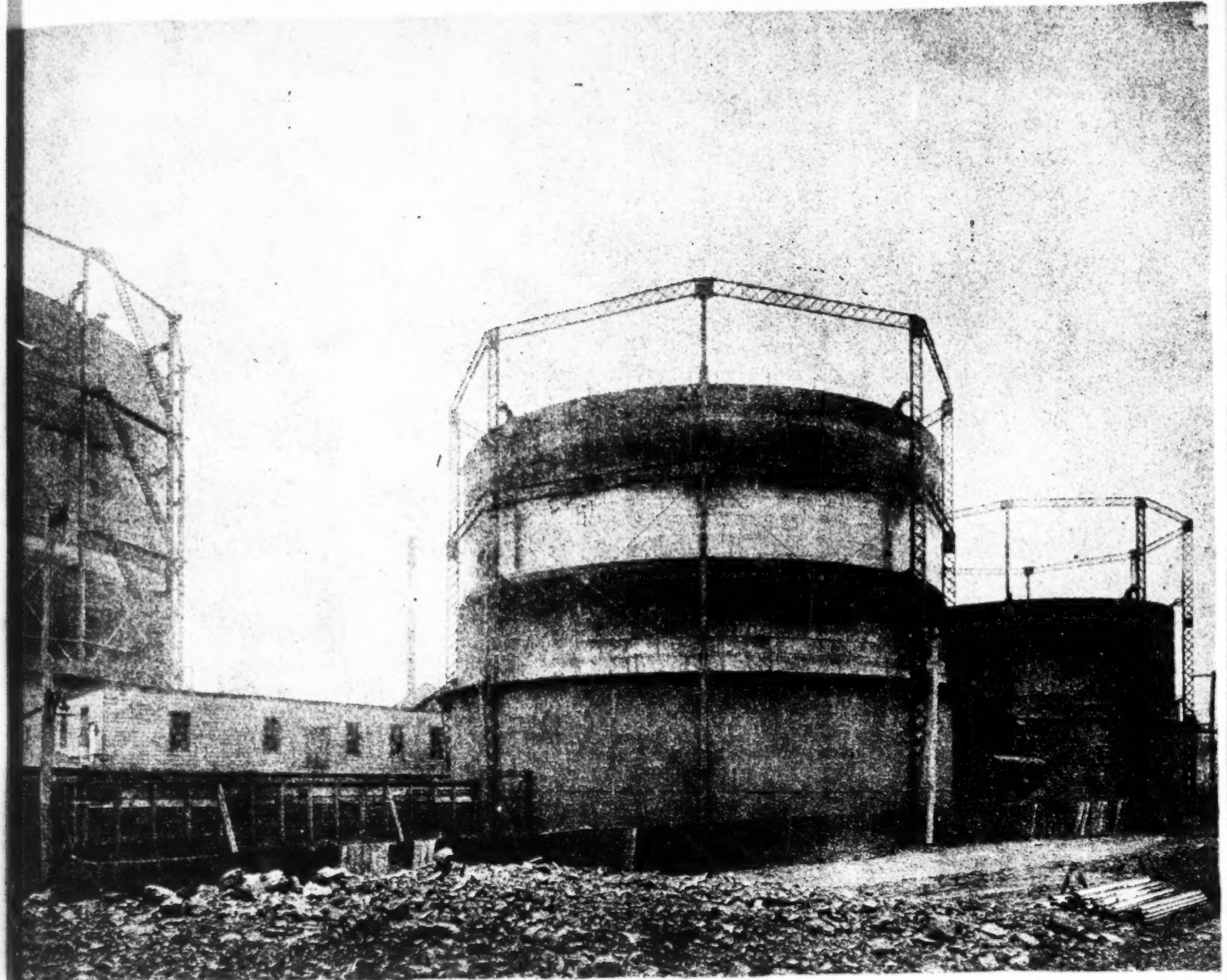




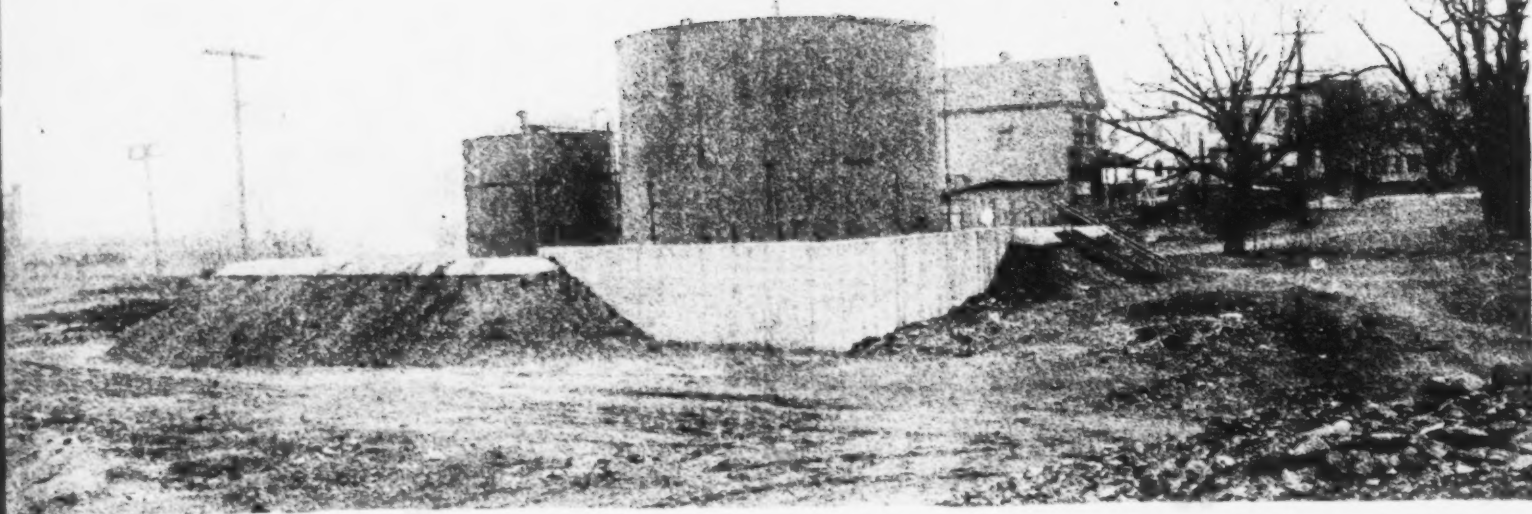




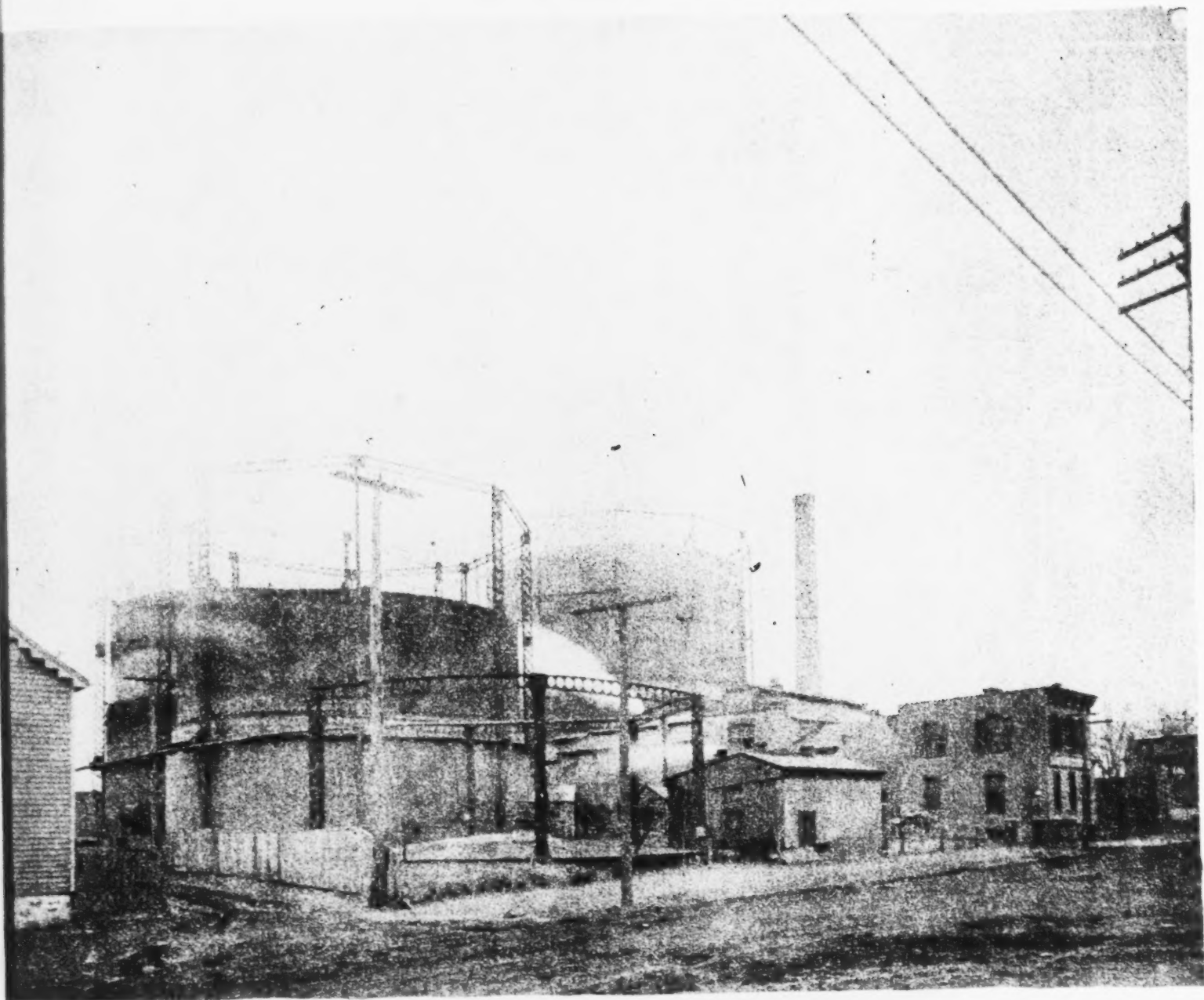
Comptonsville, N.Y. 1898



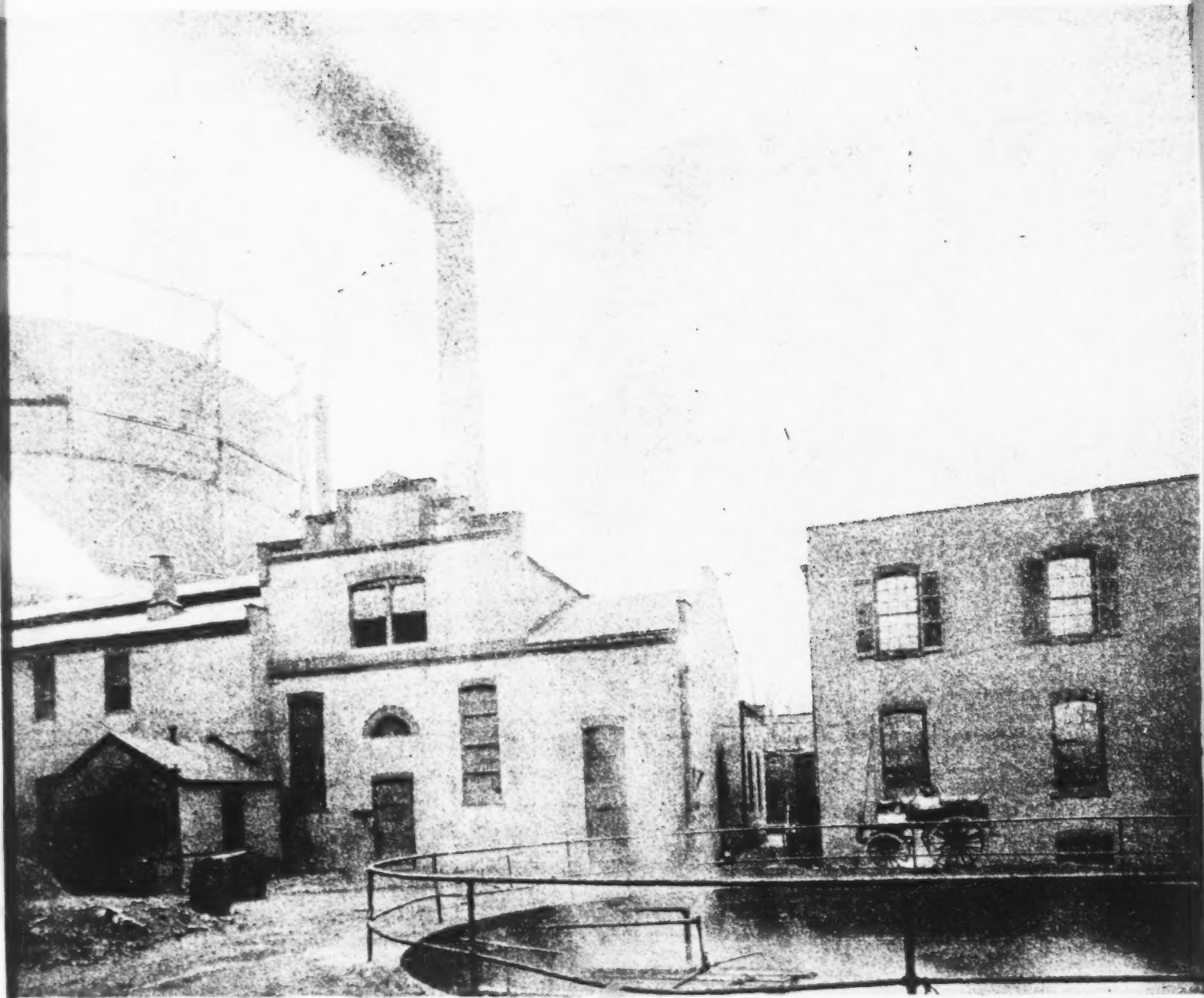
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Camden, N.J. 48

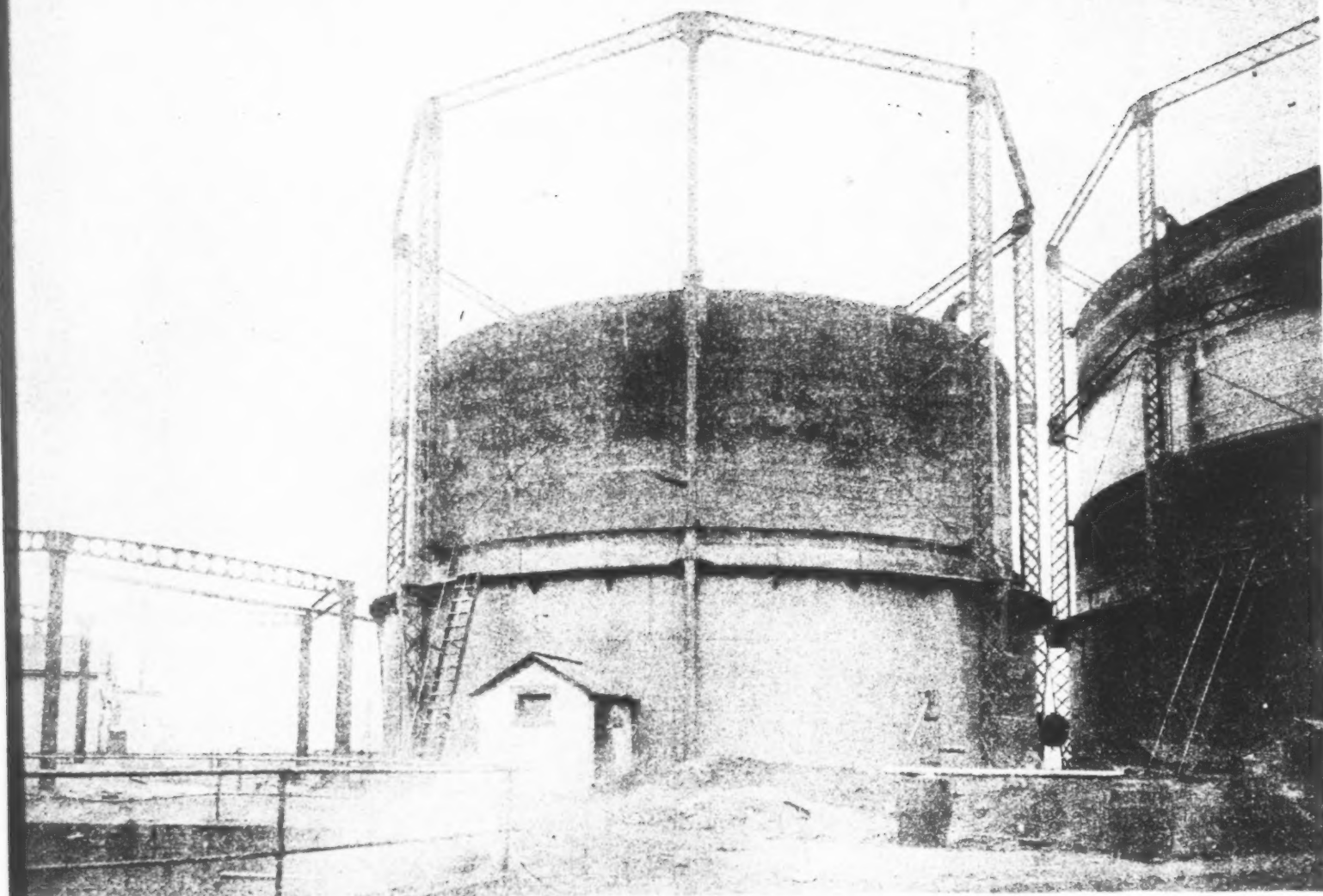


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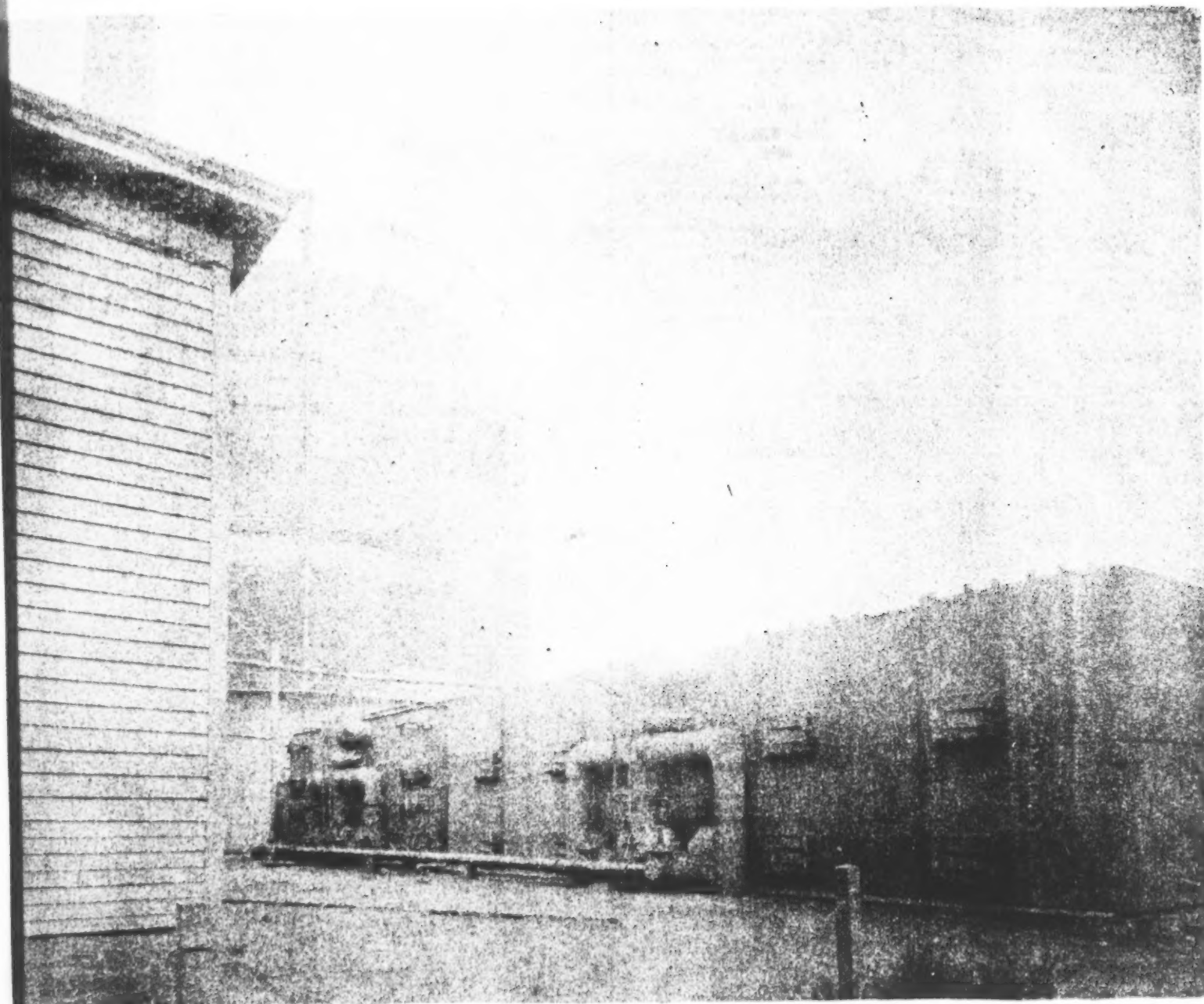


*Showing Excavation for Alteration
to Yard Connections*

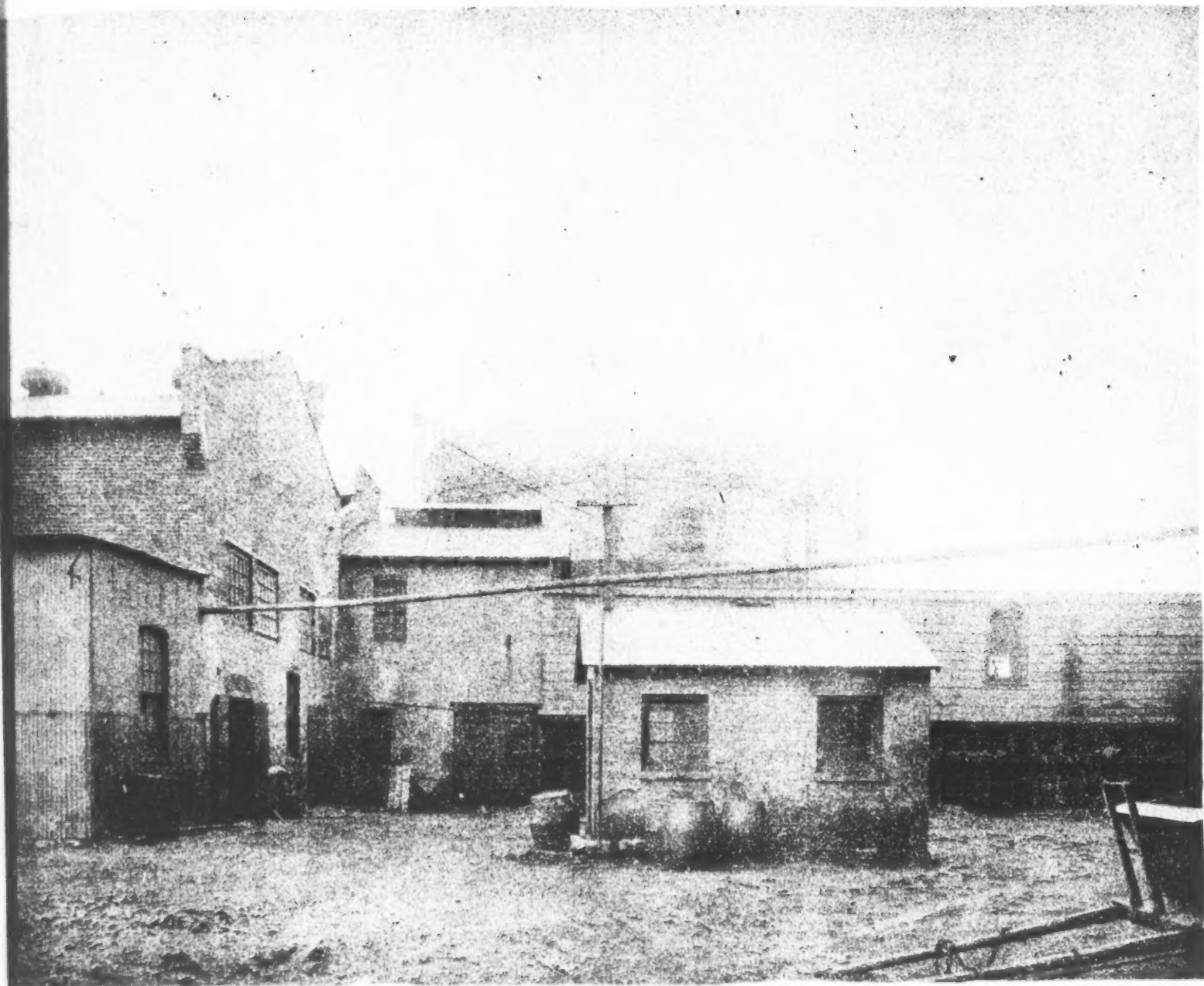
Showing Excavation for Alteration
to Yard Connections



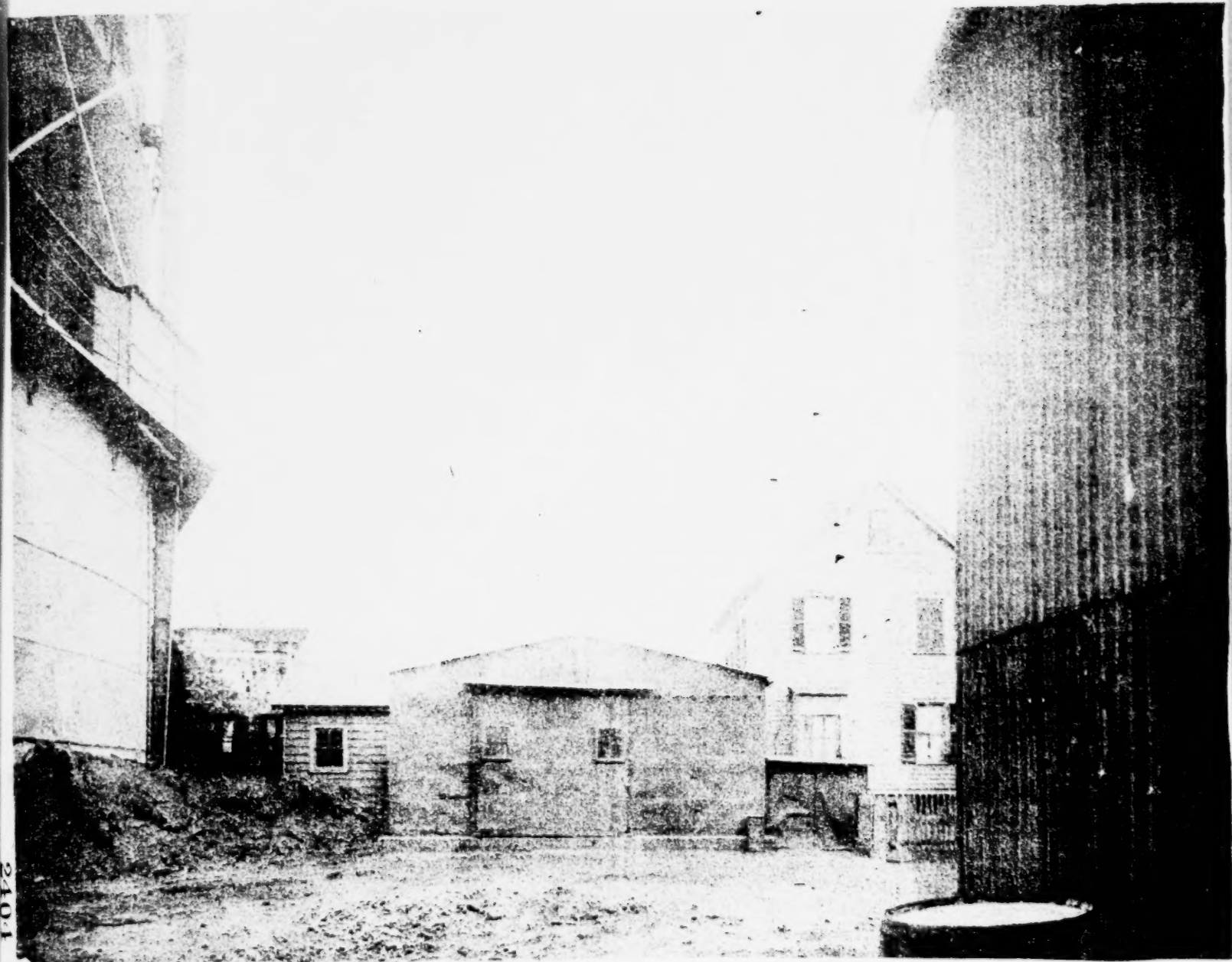
Completed and in use 1910



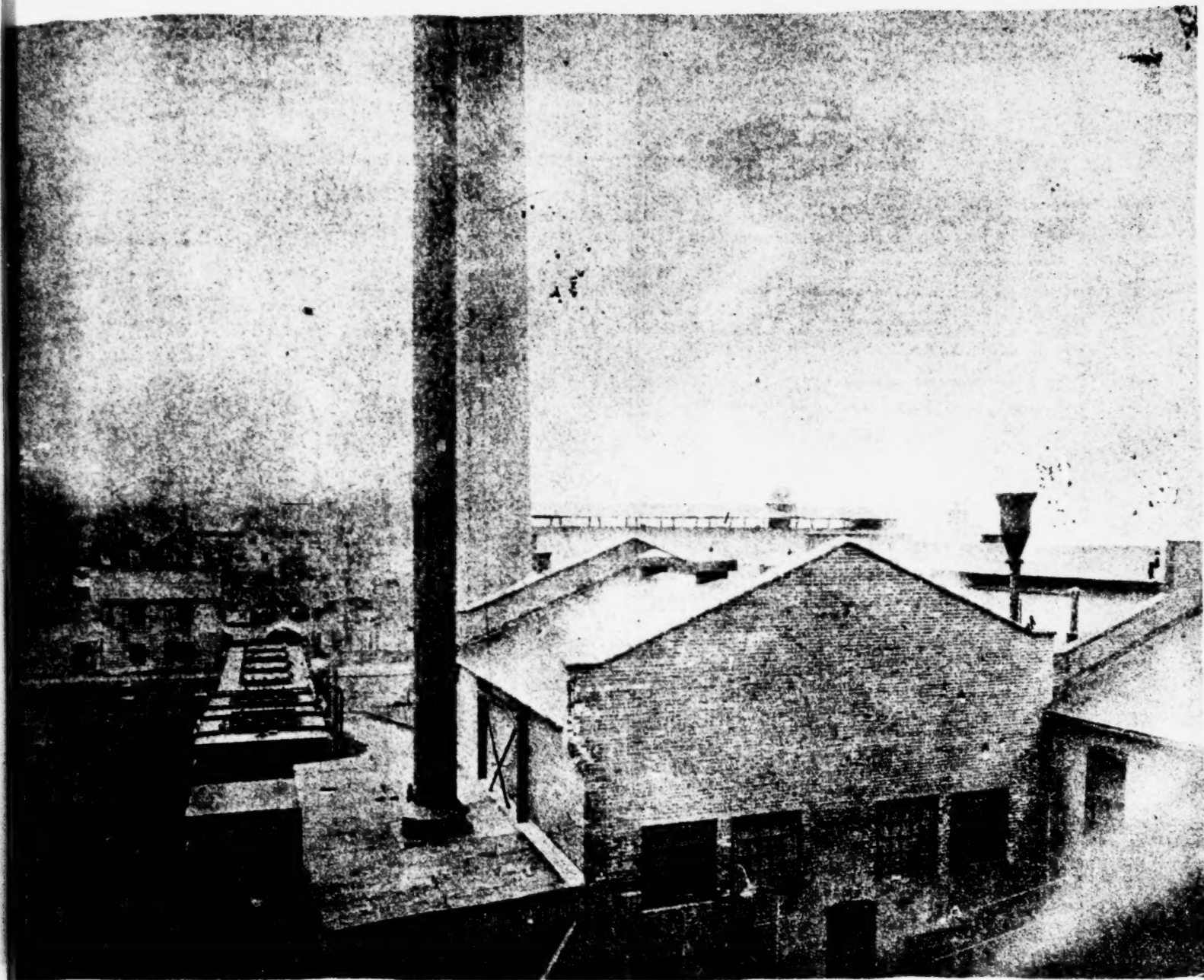
COMPLIMENTARY CURTAIN TO



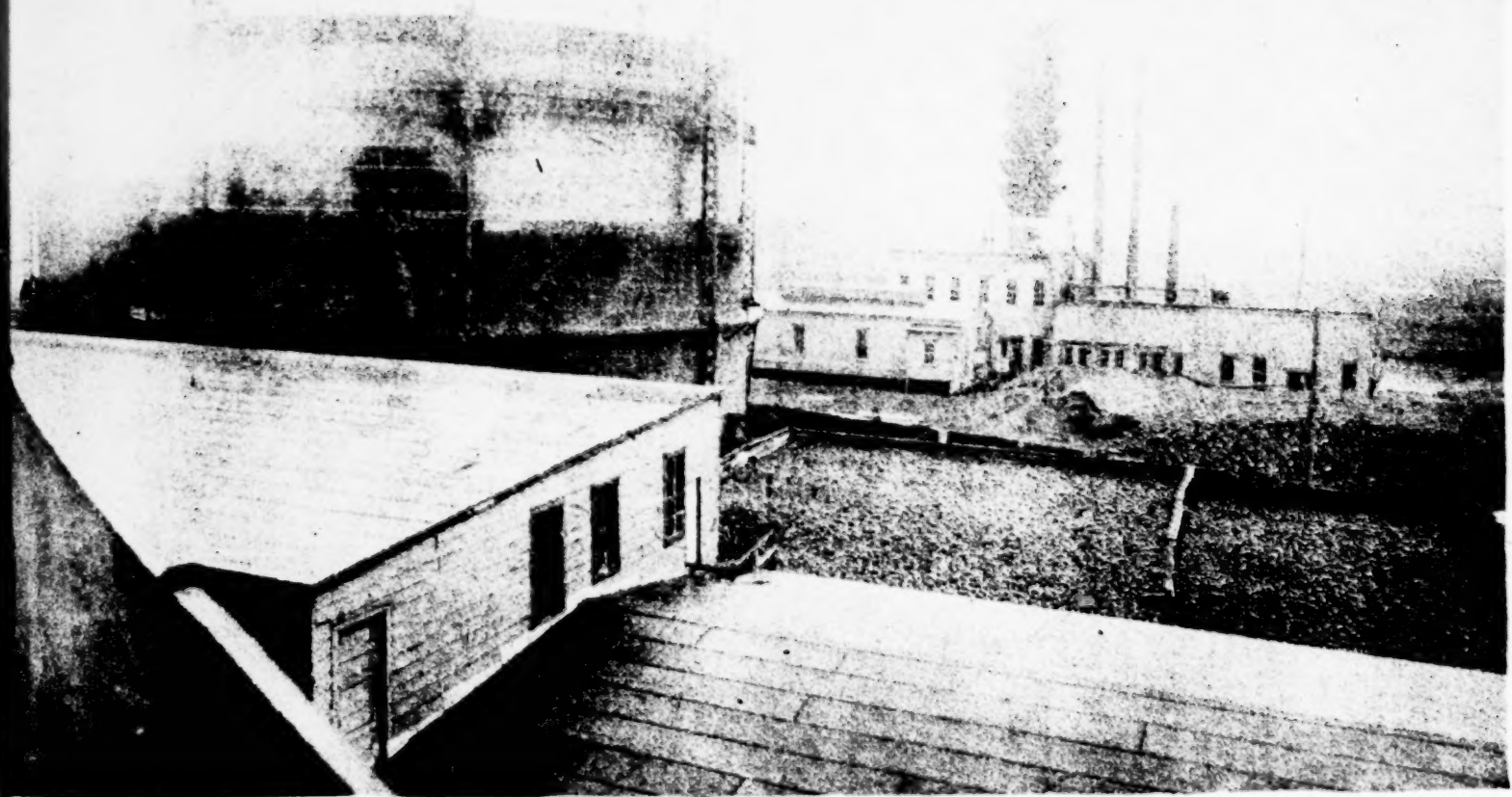
Comptonsville Exhibit 48



Collinsville & Princeton



Combsman's Exhibit 48



Complacencia 5th April 48

2407

COMPLAINANT'S EXHIBIT 49.

Uniform System of Accounts for Gas Corporations as Prescribed by the Public Service Commission for the First District, State of New York.

Final Order and Modifying Order (Case 578).

2408

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2409

State of New York.

Public Service Commission for the First District.

Uniform System of Accounts Prescribed for Gas Corporations, in Effect January 1, 1909.

New York City.

1908.

2410 At a Session of the Public Service Commission for the First District, State of New York, Held at its Office, 154 Nassau Street, in the City of New York, on the 8th Day of December, 1908.

Present:

William R. Willcox, Chairman;
 William McCarroll,
 Edward M. Bassett,
 Milo R. Maltbie,
 John E. Eustis,
 Commissioners.

The Public Service Commission for the First District, being authorized by Section 66 of the Public Service Commissions Law, to prescribe, whenever it deems advisable, uniform methods of keeping accounts for gas corporations subject to its jurisdiction, and it appearing advisable at this time to establish a uniform system of accounts for all such gas corporations, it is hereby

Ordered: That, except as hereinafter provided:

1. On and after January 1, 1909, every gas corporation shall keep upon its books the accounts prescribed or defined in the hereto annexed schedules, marked "Schedule A" and "Schedule B," so far as the said accounts are pertinent to the facts and circumstances of the said corporation.

2. No such gas corporation shall hereafter charge to any account representing cost of property any discount or commission on se-

curities issued by the said corporation, but shall charge all such discounts, commissions, and other expense connected with the issue of securities subsequent hereto, in accordance with the directions contained in the definitions of the account named Organization, and the account named Unamortized Debt Discount and Expense, in the said "Schedule A."

3. During the year beginning January 1, 1909, any said corporation may for purposes of comparison with prior years keep on its books any account pertaining to revenues, revenue deductions, income deductions, and appropriations (as defined in the said "Schedule B") which it had on its books during the year begun January 1, 1908; provided, that on or before January 1, 1909, there be filed with the Public Service Commission a statement
2410a containing a list of the said accounts pertaining to the year begun January 1, 1908, and definitions of such accounts.

4. For purposes of improving the efficiency of administration and operation, any corporation may, unless or until otherwise ordered, keep upon its books any temporary or experimental accounts and any accounts covering particular divisions of its operations, provided that in respect of each such temporary, experimental, or divisional account, the said corporation shall file with the Public Service Commission, at least ten days in advance of the time when the said account is to be instituted, a statement showing the name of the said account, the date when it is to be instituted, the purpose for which it is to be kept, the period of time during which it is to be kept, and a clear and accurate definition of the classes of items and facts to be contained in the said account; and in case of a divisional account, the definition of the division covered. Upon compliance with the provisions of this paragraph, any account prescribed or defined in either said "Schedule A" or said "Schedule B" may be subdivided.

2410b

SCHEDULE A.

Balance Sheet or Indicant Accounts.

1. Gas Corporations and Gas Operations Defined.—Section 2 of the Public Service Commissions Law defines gas corporation as follows:

Sec. 2. * * * The term "gas corporation" * * * includes every corporation, company, association, joint stock association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever, owning, operating, managing or controlling any plant or property for manufacturing and distributing and selling for distribution or distributing illuminating gas (natural or manufactured) for light, heat or power.

Gas operations, as the term is hereinafter used, include all acts and transactions directly connected with the operation of a plant for the production of gas (whether natural or manufactured), the

transmission thereof and the supply thereof to consumers for light, heat, or power, and all operations incident thereto, including the collection of revenues therefor and the disposition of byproducts produced in connection therewith.

2. Accounts to be kept by double-entry method.—All accounts kept by any corporation or person within the scope of the present order shall on and after January 1, 1909, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

Capital Accounts. [Paragraphs 3-26.]

3. Capital Defined.—As the term is used herein, by capital of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. Fixed Capital Defined.—Capital which has an expectation of life in service of more than one year (exception being made of hand and other small portable tools liable to be lost or stolen¹) is called fixed capital.

5. Floating Capital Defined.—Capital other than fixed capital is called floating capital.

6. General Capital and Departmental Capital Defined.—Fixed capital is divisible into general capital and department capital, general capital being that which is indiscriminately available for the uses of two or more classes of operations, while departmental capital is that assigned solely or principally to a single class of operations.

2410c 7. Landed Capital and Non-landed Capital Defined.—Fixed Capital is also divisible into landed capital and non-landed capital. Landed capital includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called non-landed capital.

8. Intangible and Tangible Capital Distinguished.—Non-landed capital is divisible into intangible and tangible. Intangible capital comprises organization, franchises, patent-rights, and all other intangible property within the definition of fixed non-landed capital as above stated. Tangible capital comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small por-

¹Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as a record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

table tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses.¹

9. Further Classification of Capital.—Capital is also divisible into original capital, additions, betterments, and renewals and replacements, as defined below. Charges to capital accounts shall show these divisions as set forth in paragraph 21, *infra*.

10. Original Capital Defined.—Original capital is that put into service at the outset of an enterprise.

11. Additions Defined.—Additions include additional structures, facilities, or equipment not taking the place of anything previously existing.

12. Betterments Defined.—Betterments include the enlargement or improvement of existing structures, facilities, and equipment.

13. Renewals Defined.—Renewals include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. Replacements Defined.—Replacements include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When a substitute has a substantially greater capacity than that for which it was substituted, the cost of substitution of one of the same capacity as the thing replaced should be charged as a replacement, and the remaining portion of the cost of the actual substitute should be charged as a betterment.

15. Repairs Defined.—When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is
2410/ to be treated as an operating expense and must not be charged as a replacement in any capital account.

16. First entries must enable identification.—Throughout all capital accounts, the first entry in respect of any particular thing shall describe it with such particularity as to enable its identification, and shall give it a distinguishing name, number, or other designation by which it shall thereafter be designated in every entry in any capital account which in any way concerns it. In the case of continuous structures like railroad track, or electric line, or pipe line, such struc-

¹ Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as a record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

res shall be itemized to the extent that no item shall contain more than one operating division or more than one type of construction, and the first entry in relation to any item shall describe the size, weight, type, and other principal physical characteristics of the chief constituent parts, together with their spacing if discontinuous.

17. Costs of new capital to be actual money costs.—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

18. Discounts upon securities not to be charged to capital accounts.—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

19. Costs of labor, materials, and supplies.—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

20. Withdrawals or retirements.—When anything is withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

21. Particulars required to be shown in entries.—Every charge made to a capital account on or after January 1, 1909, shall show whether the thing in respect of which the charge is made is original capital, or an addition, a betterment, a renewal, or a replacement. If the thing is a betterment, the entry shall designate the thing enlarged or improved and shall cite by name and page of book or other record the original entry of cost of such thing enlarged or improved. If the thing to which any charge hereafter made relates is a renewal or a replacement, the entry made

in respect thereof shall designate the thing renewed or replaced and shall cite by name and page or book or other record the original entry or entries of cost of such thing renewed or replaced. If there is no entry in the accounts of the corporation showing the cost (to the corporation) of the thing bettered, renewed, or replaced, that fact shall be stated in the entry describing the betterment, renewal, or replacement, and the original cost of such thing to the corporation shall be stated. Such cost shall be estimated if not known, and when estimated the basis of such estimation shall be shown.

22. Betterments involving partial destruction of thing bettered.—If any betterment involves the partial destruction or partial reconstruction of the thing bettered, only such portion of the cost of the change shall be charged as a betterment as will when added to the original cost (estimated if not known) of the thing bettered give the cost of reconstruction or replacement of the thing as bettered, and the remainder of the cost of the change (account being taken of any salvage) shall be charged to the appropriate repair account.

E. g., a building, original cost unknown but estimated to be \$15,000, is bettered by the construction of an elevator shaft, and its stairways are modified so as to be fireproof; the actual expenditure for these changes is \$3,000; the estimated cost of replacement of the building (as modified) with one equally serviceable and with an equal expectation of life is \$16,000; the charge to capital account as a betterment should be \$1,000, and the remainder (\$2,000) of the expenditure should be charged to the appropriate repairs account.

23. Plant and equipment and other capital purchased.—When any fixed capital in the form of a going or completed plant is purchased, an appraisal of such capital so acquired shall be made, and the different constituent elements of the plant (and equipment, if any) or other capital acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing condition through wear and tear, obsolescence, and inadequacy. If the actual money value of the consideration given for the plant or other capital was at the time of the acquisition in excess of such appraised value, the excess shall be charged to the account "Other Intangible Gas Capital," and the appraised values of the constituent elements shall be charged to the appropriate accounts as designated in the following definitions of accounts for fixed capital. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each plant or

2412 other such fixed capital purchased, will be required to be made to the Public Service Commission, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda,

and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

24. Definitions of Fixed Capital accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are accrued to date of transfer of title, and all liens upon the title acc- titles or of the definitions:

(G100.) Fixed Capital, December 31, 1908.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to gas operations as such capital stood at the close of December 31, 1908. Such charges shall be made at the figures at which such capital was carried on the books of the said person or corporation on that date. When any capital included in such account is retired from service, the amount at which it is charged therein shall be credited to this account; the amount of depreciation or other amortization thereon applicable to the period subsequent to December 31, 1908, shall be charged to the account (No. 374), "Accrued Amortization of Capital," proper account shall be taken of any salvage, and the remainder of the amount originally charged to capital shall be concurrently charged to the Corporate Surplus or Deficit account (or equivalent account carried on the books on December 31, 1908), unless there was carried on the books at that date a reserve to cover retirement of capital from service, in which case the said concurrent charge shall be made to such retirement reserve account. If the amount at which the said capital in service on December 31, 1908, and subsequently retired from service, was included in the said account is not disclosed on the books and records of the accounting person or corporation and is not within the knowledge of such person or corporation or officers or other employees thereof, it shall be estimated, and such estimated amount shall be treated as is above directed for the actual amount, the fact of estimation being stated in the entry.

NOTE.—Corporations will be required to carry as sub-accounts of the account "Fixed Capital, December 31, 1908," the several accounts on their books on that date which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

The following capital accounts are prescribed for transactions subsequent to December 31, 1908:

(G110.) Land Devoted to Gas Operations.

Charge to this account the cost of the accounting corporation's landed capital which is devoted to gas operations as hereinbefore defined. This includes land occupied by gas works and their appurtenances and rights of way for transmission and distribution lines

and other pipe lines, where such rights have lives in excess of one year from the date when such land is placed in service.

2413 Such cost includes, when assumed or paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees, or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired; also costs of obtaining consents and payments for abutting damages.

NOTE A.—Cost of buildings and other improvements must not be included in this account.

NOTE B.—If at the time of acquisition of an interest in lands it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to its gas operations, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value for use in such operations, and such appraised value shall be charged to the appropriate structures account, and excluded from the account "Land Devoted to Gas Operations." If such improvements are not devoted to gas operations but are devoted to other operations or held as investments, the cost (or appraised value if the cost is not determined in the contract of acquisition) shall be charged to the appropriate investment account or capital account for other operations. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land Devoted to Gas Operations." The entries in this account must be made in such wise as to enable the corporation to show in its annual report to the Public Service Commission the subdivision of the cost of its land devoted to gas operations into the following:

Land Occupied by Gas Works.

Land Occupied by Outside Holder Stations.

Water Rights.

Other Land Devoted to Gas Operations.

(101.) Organization.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidences of indebtedness), cash fees paid to promoters, and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock, and cost of procuring certificates of necessity from state authorities, and other like costs. Like costs incident to preparing and filing certificates of authorization of increase of capital stock, and to the negotiation and issue of stock thereunder, shall be classed as additions. Cost of preparing and filing certificates

of amendment of articles of incorporation shall be classed as a betterment. Cost of preparing and filing papers in connection with the extension of the term of incorporation or with reincorporation consequent upon reorganization shall be classed as a renewal. This account shall not include any discounts upon stocks or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

2414

(G102.) Franchises (Gas).

To this account shall be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" (section 69 of the Public Service Commissions Law) as is necessary to the conduct of the corporation's gas operations. If any such franchise is acquired by mesne assignment, the charge to this account in respect thereof must not exceed the amount actually paid therefor by the corporation to its assignor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid by the corporation over the amount specified in the statute shall be charged to the account "Other Intangible Gas Capital." If any such franchise has a life of not more than one year after the date when it is placed in service, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses," and in "Prepayments" if extending beyond the fiscal year.

Payments made to the State or to some subdivision thereof as a consideration for granting an extension for more than one year of the life period of a franchise shall be classed as renewals. Those made as a consideration for franchises or extensions thereof covering additional territory to be operated as a part of an existing system shall be classed as betterments. If the franchises cover separate and distinct new enterprises, the payments therefor shall be classed as original.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

(G103.) Patent-rights (Gas).

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's gas operations. If any such right is extended to cover a further period of time than that covered by the original grant, the cost of such extension shall be classed as a renewal. A patent-right acquired for use in an existing system and necessary to the economical operation thereof shall be classed as an addition.

(G104) Other Intangible Gas Capital.

Charge to this account the cost of all other property coming within the definition of intangible capital and devoted to gas operations. All entries of charges to this account shall describe the acquired property with sufficient particularity clearly to identify it, and shall also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

2415

(G121) General Structures.

Charge to this account the cost of all buildings and other structures of a permanent character devoted to general corporate purposes, not restricted to gas operations and not includible in any of the departmental accounts, also of all fixtures permanently attached thereto and made a part thereof, such as water pipes and fixtures, steam pipes and fixtures for warming and ventilating, gas pipes and fixtures for lighting, etc.; electric wiring and fixtures for lighting, signaling, etc.; elevators, etc.; and the engines and motors specially provided for operating them, furnaces, boilers, etc., specially provided for producing steam for such engines and for heating, electric generators specially provided for producing current for lighting such buildings, etc. This account includes such piers and other foundations for machinery and apparatus as are designed to be as permanent as the buildings in (or in connection with) which they are constructed, and to outlast the first machinery or apparatus mounted thereon.

NOTE A.—Among such buildings may be mentioned general office buildings, general shop buildings, general storehouses, general stable buildings, etc. Where general offices, shops, storehouses, stables, etc., are in buildings includible in a departmental account, as e. g., in a retort house no part of the cost of such building shall be charged to this account. This account is provided for structures of a general or miscellaneous character not assignable to any particular department.

NOTE B.—When furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a general building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate departmental capital account, and no part to the account "General Structures".

NOTE C.—The cost of specially provided foundations, not expected to outlast the machinery or apparatus mounted thereon, should be charged to the same account as the cost of the machinery or apparatus for which they are provided.

(G122.) General Equipment.

Charge to this account the cost of all equipment of general structures, as provided under the following heads:

a. General Office Equipment.—This includes the cost of all equipment of general offices, such as desks, chairs, tables, movable safes, filing cases, drafting-room equipment, and other like office appliances and equipment; also engineering instruments

b. General Shop Equipment.—This includes the cost of all equipment specially provided for general shops, such as furnaces, boilers, gas producers, engines, electric generators, and other power apparatus used in operating machinery in such shops; machine tools, cranes, hoists, shafting, belts and the like shop equipment; also such smithing equipment in general shops as is used principally for other general purposes than shoeing horses and repairing vehicles.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall not be included herein, but portable tools and apparatus of special value may be charged to this account and remain herein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

2416 *c. General Store Equipment.*—This includes the cost of all equipment of general store structures, such as movable counters, movable shelving, and other movable equipment of like nature, carts, barrows, trucks, etc., and other apparatus and appliances used in handling materials and supplies.

NOTE.—Counters, shelving and the like which are permanently attached to the structure shall be charged to the account (No. G121), "General Structures," and not to this account.

d. General Stable Equipment.—This includes the cost of all equipment of general stables, including horses, harness, drays, wagons, automobiles and other vehicles, equipment of shoeing shops, harness repair shops, vehicle repair shops, etc.

(221.) Works and Station Structures.

Charge to this account the cost of all structures at works devoted to the production of gas, including purification and all other processes performed upon such gas antecedent to its entrance into the station holder; also of all buildings and other structures at outlying holder stations, except the holders and their appurtenances as provided in the following account, "Holders." Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses, oil tanks, tar wells, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestle, etc., and all fixtures permanently attached to such structures and made a part thereof.

NOTE.—Such piers and other foundations for machinery and apparatus as are designed to be permanent and to outlast the first machinery or apparatus mounted thereon shall also be charged to this account; but short lived, temporary, or specially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall go with the machinery and apparatus to which they are related. Gas holders are not included in this account.

(222.) Holders.

Charge to this account the cost of all holders at works and outlying stations, including tanks, foundations, holders, frame work, guides, pulleys, etc., and inlet and outlet of such holders.

NOTE.—Holder housings shall be charged to the account (No. 221), "Works and Station Structures."

(G141a.) Furnaces, Boilers, and Accessories.

Charge to this account the cost of all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also includes mechanical stokers

and other like apparatus for regulating the supply of fuel, 2417 etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators, and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

(G141b.) Steam Engines.

Charge to this account the cost of all steam engines devoted to use as prime movers in gas works. This includes the settings and specially provided foundations of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

(G143b.) Gas Engines.

Charge to this account the cost of all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve and governor and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

(G145.) Miscellaneous Power Plant Equipment.

Charge to this account the cost of all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

(223.) Benches and Retorts.

Charge to this account the cost of all benches and retorts devoted to the production of coal gas. This includes the cost of specially provided foundations and settings and auxiliary piping.

(G143a.) Water Gas Sets and Accessories.

Charge to this account the cost of sets and accessories devoted to the production of water gas, including the cost of specially provided foundations and settings for such sets. This account includes not only generators, carbureters superheaters, seals and piping connected therewith, etc., but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

(224.) Purification Apparatus.

Charge to this account the cost of all purification apparatus, such as condensers, washers, scrubbers, purifiers, tar extractors etc., and their ancillary apparatus and piping, including the cost of specially provided foundations and settings.

2418 (225.) Accessory Equipment at Works.

Charge to this account the cost of all equipment at works and holder stations which is not includible under any of the foregoing accounts. This includes exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

(231.) Trunk Lines and Mains.

Charge to this account the cost of all trunk lines and mains in place. This includes all pipe lines from the yard connections to district holders, and from the works governor to the beginnings of services, including the cost of all trenching, etc., necessary to the placing of the pipe, and the cost of filling trenches and restoring the surface to its former condition or to that required by the municipal authorities at the time the line is installed.

(232.) Gas Services.

Charge to this account the cost of the corporation's property in service pipes and appurtenances in or leading to consumers' premises. This includes the cost of material in place, cost of trenching for placing services, and of filling trenches and restoring surface to proper condition.

NOTE A.—When consumers are required to pay some or all of the cost of services, only that portion of the cost not chargeable to the consumer is chargeable to this account, and in all cases where only a portion of the cost of the service is chargeable to this account, the entry in this account shall show the entire cost of the service as well as the amount charged to this account.

NOTE B.—Where services extending only from main to curb (or to lot line) are placed before actually required for the purpose of supplying consumers, the entry of cost must show that fact. Such services will be required to be separately reported in the annual reports of corporations to the Public Service Commission.

NOTE C.—Cost of renewing or modifying services shall not be charged to this account.

(233.) Gas Meters.

Charge to this account the cost of the corporation's property in all meters and appurtenances used in measuring the gas delivered to consumers.

NOTE A.—This account does not include the cost of the corporation's meters at the works, which shall be charged to the account (No. 225), "Accessory Equipment at Works," or to a sub-account thereunder.

NOTE B.—Cost of setting, removing, or re-setting such meters shall not be charged to this account.

NOTE C.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of consumers' meters temporarily withdrawn from service.

(234.) Gas Meter Installation.

Charge to this account the labor and materials cost (exclusive of cock and connections) of the first setting of meters for determining the amount of gas delivered to consumers, in case it is the policy of the corporation to capitalize the cost of such setting.

2419 NOTE A.—Cost of removing such meters and of setting other meters substituted for them shall not be charged to this account but to the account (No. 634a), "Gas Meter and Installation Work." (See page 41.)

NOTE B.—This account must not include at any time the cost of installation of a greater number of consumers' meters than are actually in service.

(235.) Municipal Street Lighting Fixtures (Gas).

Charge to this account the cost of the corporation's property in the lamps, posts, and ancillary apparatus and appliances used in lighting streets for a municipal corporation. Such cost includes not only cost of material but also cost of first setting and coupling up. It does not include cost of removal or change of position.

NOTE.—Where the municipality requires for its special benefit the extension of mains and services for street lighting, such extensions may, so long as used solely for street lighting, be charged to this account, provided a full description of the extensions so charged and the amounts charged in respect thereof be filed with the Public Service Commission on or before the date when the entry thereof is made upon the books of the corporation.

(236.) Gas Engines and Appliances.

Charge to this account the cost of the corporation's property in gas engines leased to consumers (including municipal corporations), but not of those held for purposes of sale. Such engines include all appliances for the production of mechanical motion through the consumption of gas. Also, charge to this account the cost of the corporation's property in all gas stoves and other heating appliances leased to consumers, but not of those held for purposes of sale. This includes stoves, ranges, heaters, hot plates, sadirons, tailor's irons and gooses, and other like devices and appliances consuming gas for the direct production of heat.

NOTE A.—The cost of setting and connecting such engines and heating appliances on the premises of consumers and the cost of re-setting or of removal shall not be charged to this account.

NOTE B.—Upon filing with the Public Service Commission a notice thereof, the accounting corporation may also include in this account the cost of such gas engines and appliances temporarily withdrawn from service.

(237.) Gas Tools and Implements.

Charge to this account the cost of all tools and implements coming within the scope of the definition of fixed capital (see paragraph 4, page 5, ante) and not covered by any of the foregoing equipment accounts.

(238.) Gas Laboratory Equipment.

Charge to this account the cost of all physical and chemical apparatus used in testing and other technological work, and of all equipment in laboratories used for technological work, such as calorim-

etry, photometry, chemical analysis, and the like; also all equipment for testing building and other materials used in the engineering operations of the company.

NOTE.—This account does not include the cost of any chemicals or other supplies, such being chargeable to the appropriate sub-account in the account "Materials and Supplies"; as consumed they shall be charged thence to the appropriate expense accounts.

2420 (239.) Other Tangible Gas Capital.

Charge to this account the cost of all miscellaneous tangible gas capital not elsewhere provided for.

(G281.) Engineering and Superintendence.

Charge to this account all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work, when such disbursements cannot be assigned to specific construction.

NOTE.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses shall be charged to the specific work on which engaged.

(G282.) Law Expenditures During Construction.

Charge to this account general expenditures of the following nature, incurred in connection with the construction of a gas plant, namely: the pay and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suit and payments of special fees, notarial fees, and witness fees, and expenses connected with taking depositions; also all legal and court expenses.

When any of the expenditures above enumerated can be charged directly to the account for which incurred, they shall be so charged and not to this account. Expenditures in connection with the acquisition of the right of way or other land shall be charged to the account (No. G110), "Land Devoted to Gas Operations." Law expenditures in connection with the organization of the corporation shall be charged to the account (No. 101), "Organization."

(G283.) Injuries During Construction.

Charge to this account all expenditures incident to injuries to persons when caused directly in connection with construction of gas plant and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance, medical and surgical supplies, artificial limbs, railroad and carriage fares for conveying injured persons and attendants; funeral expenses (in-

cluding payments to undertakers); proportion of pay and expenses of claim adjusters and their clerks, and pay and expenses of employes and others called in consultation in relation to the adjustment of claims coming under this head; also witness fees and amount of final judgments.

(G284.) Taxes During Construction.

Charge to this account all taxes and assessments levied and paid on property belonging to the corporation while under construction and before the plant is opened for commercial operation, except special taxes assessed for street and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which shall be charged to the account to which the property benefited is charged.

2421 (G285.) Interest During Construction.

Charge to this account the interest accrued upon all moneys (and credits available upon demand) acquired for use in connection with the construction and equipment of the property from the time of such acquisition until the construction is ready for use. Interest receivable accrued upon such moneys and credits shall be credited to this account. To this account shall also be credited discounts realized through prompt payment of bills for materials and supplies used in construction unless such discounts are credited to the particular bills.

(G286.) Miscellaneous Construction Expenditures.

Charge to this account the salaries and expenses of executive and general officers of a gas plant under construction; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also all construction and equipment items of a special and incidental nature which cannot properly be charged to any other account in this classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities, and commercial paper.

(O110.) Land in Other Departments.

Charge to this account the cost of the corporation's interests in land (exclusive of improvements thereon) devoted to operations

other than electric operations, gas operations, railroad operations, and street railroad operations.¹

Such cost includes, when assumed or when paid by the purchaser in its own behalf, cost of registration of title, cost of examination of title, conveyancer's and notary's fees, purchasing agent's commissions or fees or proportion of purchasing agent's salary, taxes accrued to date of transfer of title, and all liens upon the title acquired. If at the time of acquisition of such interest in lands, it extends to buildings or other improvements thereon, which improvements are devoted by the corporation to operations other than the four classes above mentioned, and the contract of acquisition does not determine the price of such improvements, they shall be appraised at their fair cash value, and such appraised value shall be charged to the appropriate accounts and excluded from the account "Land in Other Departments." If such improvements are held as investments, the cost (or appraised value at time of acquisition of title if the cost to the corporation is not determined in the 2422 contract of acquisition) shall be charged to the appropriate investment account. If the improvements are removed or wrecked, the salvage (less the cost of removal or wreckage) shall be excluded from the account "Land in Other Departments".

(0102.) Franchises in Other Departments.

Charge to this account "the amount (exclusive of any tax or annual charge) actually paid to the State or to a political subdivision thereof as the consideration for the grant of such franchise or right" as is necessary to the conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

(0103.) Patent-rights in Other Departments.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's operations other than electric, gas, railroad, and street railroad.

(0104.) Other Intangible Capital in Other Departments.

Charge to this account the cost of all property of the corporation coming within the definition of intangible capital devoted to its oper-

¹NOTE.—Electric Capital, Railroad Capital, and Street Railroad Capital.—For the accounts to which shall be charged the cost of capital devoted to electric operations, see the Uniform System of Accounts for Electrical Corporations; for steam railroad operations, see the Uniform System of Accounts for Expenditures for Road and Equipment, etc., as established for Steam Railroad Corporations by the Public Service Commission; and for electric railroad and street railroad operations, see the Uniform System of Accounts for Street Railroad Corporations.

ations other than electric, gas, railroad, and street railroad, and not includible under any of the foregoing accounts.

(O120.) Tangible Capital in Other Departments.

Charge to this account the cost of all property of the corporation coming within the definition of tangible capital devoted to its operations other than electric, gas, railroad, and street railroad.

25. Floating Capital divided into two groups.—Floating capital is divided into two great groups, of which the first is herein called Materials and Supplies, and the second, Current Assets.

26. Definitions of Floating Capital accounts.—In the following definitions the letters and figures prefixed to the titles of the accounts are no part of the titles and are inserted merely for convenience of reference.

(G10.) Materials and Supplies.

Charge to this account the cost (including transportation) of all materials and supplies acquired by the corporation, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies shall be credited to the account (No. G285), "Interest During Construction," or to the account (No. G852), "Undistributed Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

2423 The scrap value of things retired from service shall be charged to an appropriate sub-account in this account, while such things remain the property of the corporation. If such scrap value is not known and cannot readily be determined it shall be estimated, and errors in such estimates when determined shall be adjusted through the accounts involved if during the year in which the estimates were made; if later, then through the "Corporate Surplus or Deficit" account.

Inventories of materials and supplies shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to the operating expense account (No. G852), "Undistributed Adjustments—Balance," in case they cannot be assigned to specific accounts. Shortages may, however, be charged directly to "Corporate Surplus or Deficit." Where such materials and supplies have been used in construction, a suitable proportion of such shortages or overages may be debited or credited to the account (No. G286), "Miscellaneous Construction Expenditures."

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest

cent per unit of material or supply. Where a single transportation item covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

(1.) Cash.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

(2.) Bills Receivable.

Charge to this account the cost of all bills receivable (except as below provided) which are the property of the corporation and upon which solvent concerns are liable or which are sufficiently secured to be considered good. This account includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomever issued. This account does not include investments (for which see page 21); nor does it include interest coupons.

(3.) Accounts Receivable.

Charge to this account all amounts owing to the corporation upon accounts with solvent concerns (other than banks); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

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(4.) Interest and Dividends Receivable.

Whenever the income account is stated the appropriate sub-account therein shall be credited and this account shall be charged with all accrued but not yet collected interest upon all commercial paper and accounts considered collectible held by or for the benefit of the corporation; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

(5.) Other Current Assets.

Charge to this account the cost of all current assets of the corporation which are not includible under any of the last four foregoing accounts. By current assets are meant only those things which are readily convertible into money and which are held with the intent of being presently converted into money and not as investments.

27. Investments defined.—By Investments, as here used, are meant all properties acquired not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived from them, or for a rise in value, or for devotion to future operations at a time when it seems probable that they cannot be so advantageously acquired as at the time of actual acquisition. By bound investments are meant those held subject to a lien of some character; by free investments are meant those held free of all liens.

(300.) Investments.

The cost of the corporation's title to any property held as an investment shall be charged to an account entitled "Investments."

NOTE.—In the annual reports to be made to the Public Service Commission by the corporations and other persons engaged in gas operations, investments, whether bound or free, will be required to be classified with at least the following detail:

Bound investments will be required to be divided into the three classes: "Mortgaged or Pledged Investments," "Contractual Fund Investments," and "Other Bound Investments." Each of these three classes, and the class "Free Investments," will be required to be subdivided into the following: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlled Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and other Investments.

28. Special Deposits defined.—By Special Deposits, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safety deposit vaults, etc., so long as they are available for general purposes of the corporation, shall be excluded herefrom.

(311.) Coupon Special Deposits.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented.

295 Such coupons when paid from such deposits shall be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest shall not be charged to this account, but to the appropriate "Interest Accrued" account.

(312.) Dividend Special Deposits.

Charge to this account all moneys and bank credits specially deposited in the hands of fiscal agents or other agents of the corporation for the payment of dividends upon the corporation's stocks. Such dividends when paid from such deposits shall be credited to this account and charged to the appropriate dividend account.

(313.) Other Special Deposits.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other special purposes than the payment of interest coupons and dividends. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

29. Prepayments.—When payments for taxes, insurance, rents, and the like are made in advance of the actual accrual thereof, the amount of the advance payment shall be charged to the appropriate account in this group. As such taxes, etc., accrue, the appropriate prepayment account shall be credited and the appropriate expense or other income account shall be charged.

NOTE.—By the accrual of taxes, insurance, rents, etc., is meant their accumulation when considered as spread uniformly over the period to which they apply. Thus, if the rent fixed by contract of lease for a certain property is \$600 for a calendar year, this accrues at the rate of \$50 each month (unless it is desired to base the accrual on days, when of course the varying lengths of the months would require to be considered), regardless of the actual times when the rent matures; \$50 should thus (if the rent has been prepaid) be credited each month to the account "Prepaid Rents," and concurrently charged to the appropriate account in the "Income" account. Similarly in the case of other prepayments.

(321.) Prepaid Taxes.

When taxes are paid in advance of their accrual, the amount prepaid shall be charged to this account. As the taxes thus prepaid accrue, they shall be credited at monthly intervals to this account and charged to the appropriate taxes account. This account must not include any so-called taxes, like water taxes, drainage taxes, fire taxes, etc., which are payments for special benefits received. Such payments for special benefits, where finally chargeable to operating expenses, must, when prepaid, be charged to the account "Other Prepayments."

(322.) Prepaid Insurance.

When premiums on insurance policies are paid in advance of their accrual, the amount prepaid (whether paid in cash or by the issue

notes or other negotiable paper) shall be charged to this account. If such premiums accrue, they shall be credited at monthly intervals to this account and charged to the appropriate expense account.

(323.) Prepaid Rents.

When rents are paid in advance of the enjoyment of the term, the account prepaid (whether paid in cash or by the issue of notes or other negotiable paper) shall be charged to this account. As the term is consumed, this account shall be credited at monthly intervals and the appropriate rent account in the income account shall be charged.

(324.) Other Prepayments.

When prepayments are made for any other thing than taxes, insurance, and rents, above provided for, such prepayments shall be charged to this account; and as the purpose of the prepayment is satisfied, proportionate amounts shall be credited monthly to this account and charged to the appropriate expense or income account.

30. *Suspense*.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss occurs which under the rules of the Public Service Commission may be spread over a period of time, or when any debit made for any other reason may be amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss, or other debit shall, except as herein otherwise directed, be charged to an appropriate account in this group of accounts.

NOTE.—By "amortization" of any charge or credit is meant its gradual extinction. The word is broader than the word "depreciation," since the latter is restricted ordinarily to tangible property. The word "depreciation" also imports more of the idea of fluctuating value and is complicated somewhat with the question of cost of replacement at market prices. Because it is considered unnecessary in connection with the gradual consumption or expiration of life of capital to consider the question of cost of replacement until the replacement is actually made, at which time the cost of replacement is charged to the appropriate account, and because provision is necessary for the gradual extinction of certain charges (such as those on some kinds of capital, those for extraordinary casualties, for discount on debt, etc.), to which the term "depreciation" does not well apply, it is considered advisable to use the term "amortization" in connection with the extinction of such charges, and of certain corresponding credits, such as premiums on debt outstanding.

(331.) Unamortized Debt Discount and Expense.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the par value of the securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes

place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account. To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt, and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to the account (No. 928), "Amortization of Debt Discount and expense," in "Income" account. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to the account "Other Deductions from Surplus."

(332.) Other Suspense.

To this account shall be made all debts not elsewhere provided for and the proper final disposition of which is uncertain. This will include all such matters as expense of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, such amounts shall be credited to this account and charged to the proper capital account; should it be abandoned, such amounts shall be charged to "Corporate Surplus or Deficit."

When the proper disposition of any matter charged to this account is determined, it shall be credited to this account and charged to the appropriate account.

31. Securities Actually Issued and Later Re-acquired.—For the case of securities actually issued by the corporation and later re-acquired by it, the following account is provided:

(340.) Re-acquired Securities.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they shall be charged at face value to this account.

32. Debt defined.—The word debt, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover contingent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into Funded Debt and Unfunded Debt.

33. Funded Debt defined.—Funded Debt comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

2428 34. Unfunded Debt defined.—Unfunded Debt comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

35. Funded Debt accounts.—Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate subaccount shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, Aug. 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture." "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds."

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page, and account whereon are shown any discounts or premiums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

36. Unfunded Debt accounts.—The accounts for unfunded debt are defined as follows:

(351.) Taxes Accrued.

Credit to this account at the close of each month the taxes accrued during the month, and make corresponding charges to the

appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

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(352.) Receiver's Certificates.

When any receiver acting under the orders of a competent court is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates shall be credited to this account. Interest accruing upon such certificates shall also be credited monthly to this account.

(353.) Judgments Unpaid.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by law for such appeal, the amount of such judgment shall be credited to this account, and the entry shall designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit shall show the court, the term thereof, the parties, and the character of the action or suit. Interest accruing upon any such judgment shall be credited monthly to this account.

NOTE.—In case of appeal and affirmance in whole or in part from which judgment of affirmance a further appeal lies, the same rule shall apply as upon entry of original judgment.

(354.) Interest Accrued.

Credit to this account at the close of each month the interest accrued during the month upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures it should be transferred from the sub-account. "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon In-

terest Matured" should be charged and the account "Coupon Special Deposit" credited.

(355.) Dividends Declared.

When any dividend is declared it shall be credited to this account and here remain until it is paid, when it shall be charged to this account and credited to "Cash" or other suitable account.

(356.) Bills Payable.

When any note, draft, or other bill payable which matures not later than one year after date of issue (or demand) or assumption by the corporation of primary liability thereon is issued or assumed, the par value thereof shall be credited to this account, and when it is paid it shall be charged to this account and credited to "Cash" or other suitable account.

(G357a.) Consumers' Deposits—Gas.

Credit to this account, as such deposits are made, all cash deposited with the corporation by consumers as security for the payment of gas bills. Deposits refunded shall be charged to this account and credited to "Cash." Deposits applicable to uncollectible or worthless gas bills shall, at the close of the fiscal year (or earlier, at the option of the accounting corporation), be credited to the account of the consumer involved and debited to this account.

(357b.) Other Accounts Payable.

Credit to this account when incurred all liabilities of the corporation upon open accounts, except those provided for in the foregoing account "Consumers' Deposits."

(358.) Other Unfunded Debt.

Credit to this account at face value all unfunded debt upon which the corporation is liable and which is not elsewhere provided for.

37. Reserves.—Reserves shall be classified as Permanent and Temporary.

38. Permanent Reserves defined.—By Permanent Reserves are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: Premiums on Stocks and Other Permanent Reserves.

(371.) Premiums on Stocks.

Premiums on stocks shall be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks." A sub-account shall be kept for each particular class of stocks, and such sub-accounts shall be severally entitled:

Premiums on Debenture Stocks,
 Premiums on First Preferred Stocks,
 Premiums on Second Preferred Stocks, etc., and
 Premiums on Common Stocks.

When a premium is realized upon an issue of any particular class of stock, such premium shall be credited to the sub-account above provided for such class of stock, and such credit shall remain in such account so long as such stock remains outstanding. By a premium realized (as the words are above used) is meant the excess of the actual money value (at the time of issue of the stock) of the consideration received for such issue over the par value of the amount of stock issued. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by such agent in exchange for such stock over the par value thereof shall be considered the premium realized.

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(372.) Other Permanent Reserves.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account shall be created for each particular purpose for which a reserve is raised, and the purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

39. Temporary Reserves defined.—By Temporary Reserves are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves shall be classified as Contractual Reserves and Non-contractual Reserves.

40. Contractual Reserves defined.—Contractual Reserves are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account shall be raised for each particular contractual reserve, and to such account shall be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve shall be designated in the title of the account thereof and shall be expressed in full in the first entry in such account.

41. Non-contractual Reserves defined.—Non-contractual Reserves are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into Required and Optional.

42. Required Reserve accounts.—Required reserves are provided for in the following accounts:

(374.) Accrued Amortization of Capital.

Credit to this account such amounts as are charged from time to time to "Operating Expenses," or other accounts to cover deprecia-

tion of plant and equipment, and other amortization of capital. When any capital is retired from service, the original money cost thereof (estimated if not known, and where estimated, that fact and the facts upon which the estimate is based shall be stated in the entry), less salvage, shall (except as provided in the account (No. G100) "Fixed Capital, December 31, 1908,") be charged to this account. The amount originally entered or contained in the charges to any capital account in respect of such capital so going out of service shall be credited to such capital account, and any necessary adjusting entry made to the appropriate sub-account under the account "Corporate Surplus or Deficit."

(375.) Unamortized Premium on Debt.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidence of indebtedness and the accrued interest shall be credited to this account. At monthly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity shall be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account; or at the option of the corporation the charge to this account may be delayed to a time not later than the date of maturity of the debt, in which case the proportion applicable to the period covered by the then current income account shall be credited to the account "Amortization of Premium on Debt," and the remainder of the credit shall be to the account "Other Additions to Surplus."

(376.) Other Required Reserves.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve shall show the purpose of the reserve, and every subsequent entry with respect to that reserve shall designate the reserve to which it relates.

43. Optional Reserve accounts.—Optional Reserves are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

(381.) Casualties and Insurance Reserve.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against

which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in the whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualties and Insurance Reserve." Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

(382.) Other Optional Reserves.

A sub-account shall be raised for each particular reserve, and its title shall designate the purpose of such reserve and the first entry therein shall express in full such purpose.

44. Stocks defined.—By Stocks of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

2433 45. Stocks classified.—Stocks are classified as—
Debenture Stocks,

First Preferred Stocks,

Second Preferred Stocks, etc., and

Common Stocks.

46. Debenture Stocks defined.—Debenture Stocks are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

47. First Preferred Stocks defined.—First Preferred Stocks are those which have the first claim upon such dividends as may be distributed. They may be cumulative or non-cumulative, participating or non-participating. If cumulative, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if non-cumulative, such amount lapses. If a first preferred stock is participating, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if non-participating, it is limited to the Stipulated rate.

48. Second Preferred Stocks defined.—Second Preferred Stocks are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or non-cumulative, participating or non-participating.

49. Common Stocks defined.—Common Stocks are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

50. Voting Powers.—Stocks differ also in regard to the voting powers incident to ownership of them.

51. Retirement of Stocks.—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

52. Separate account required for each class of stocks.—In the accounts of stocks outstanding, a separate account shall be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account. To the account for any class of stocks shall be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the treasurer, or other agent of the corporation, to be by him disposed of for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess shall be credited to the account "Premiums on Stocks," and the corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

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SCHEDULE B.

Income Account.

1. Income and Inducant Accounts Compared.—A comparison of the balances in the foregoing accounts (Schedule A) at any particular moment will, if the accounts have been properly kept, show the then existing conditions of a corporation's affairs so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the Balance Sheet or Inducant accounts. Their balances indicate the condition of the corporation at any particular time. These accounts with their subsidiary accounts are all that are necessary prior to the time when the corporation becomes what may be called a "going concern."

When a corporation begins operations it requires an additional

group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the Income account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group.

2. Divisions of Income Account.—The principal divisions of this group of accounts are the Revenue accounts, the Revenue Deduction accounts, the Income Deduction accounts, and the Appropriation accounts.

3. Revenues Defined.—By Revenues, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, as gross profits on merchandise sold, or as a return upon its property (or interests in property). Revenues are classified as Operating Revenues and Non-operating Revenues.

4. Operating Revenues Defined.—Operating Revenues are those derived from the sale of products and merchandise, from services rendered, and from return on property used by the person or corporation in its own operations.

5. Non-operating Revenues Defined.—Non-operating Revenues are those derived as a return upon the property of the corporation in the hands of others or from its interests in property in the hands of others. They may be sub-classified as Rents, Interest, Dividends, and Miscellaneous.

6. Revenue Deductions Defined.—Revenue Deductions include Expenses, Taxes, and Uncollectible Bills.

2436 7. Expenses Defined.—Expenses are those outgoes (including capital consumed) necessary to the production of the commodities sold and the services rendered, and to the collection of the revenues. They are divided into Operating Expenses and Non-operating Expenses. Operating Expenses are those incident to the operating revenues.

8. Taxes Defined.—Taxes are those annual or other payments exacted by governments for the purpose of raising funds for public uses.

9. Uncollectible Bills Defined.—When a corporation is engaged regularly in rendering to general consumers a service, or in supplying to such consumers a commodity (as e. g., electric energy or gas for light, heat, or power), current accounts or claims against such consumers for such service rendered or commodity supplied which are incapable of collection by the exercise of reasonable diligence are included under the name Uncollectible Bills.

10. Gross Income, Income Deductions, and Net Corporate Income Defined.—Revenues, diminished by expenses, taxes, and uncollecti-

ble bills, give an amount called Gross Income, which is applicable to corporate and leased properties. Gross income is subject to several compulsory deductions, mostly contractual, like rent, interest, etc., and the remainder after these are made is called Net Corporate Income, which being subject only to the discretion of the corporation is most conveniently carried directly to the corporate surplus. The accounts covering the compulsory deductions from gross income as above defined, are called the Income Deduction accounts.

11. Appropriation Accounts Defined.—The accounts covering the yearly changes in the corporate surplus are called the Appropriation accounts, since practically all of the matters covered by them are within the discretion of the corporation, although they also include certain adjustments made because of facts of previous years imperfectly accounted for at the time (whether through error or through lack of information), and certain other minor matters like extraordinary expenses not chargeable as deductions from revenues; also such matters as profits on the sale of capital, and profits and losses on the sale of investments.

12. Definitions of Gas Operating Revenue Accounts.—Credits to the various revenue accounts shall be made upon the basis of bills rendered or of gross prices. Discounts for prompt payment, corrections of overcharges, overcollections theretofore credited and afterward corrected, authorized abatements and allowances, and other corrections and deductions shall be charged to the revenue account to which they relate. In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

(431.) Municipal Street Lighting—Gas.¹

Credit to this account all revenues derived from lighting streets for municipal corporations by means of gas, or from supplying gas therefor.

NOTE.—In the foregoing account the word "streets" is to be interpreted to include parks, plazas, and all other public places not classified as buildings.

(432.) Lighting Municipal Buildings—Gas.

Credit to this account all revenues derived from lighting municipal buildings by means of gas, or from gas supplied for such purposes, or for heat or power in municipal buildings where such gas is supplied at lighting rates and is not separately measured.

¹Charges to this and the following revenue accounts must be made in such wise as to permit their classification in the annual report of the corporation to the Public Service Commission.

(433.) Municipal Heat and Power—Gas.

Credit to this account all revenues derived from municipal corporations for gas supplied at special heat or power rates to such corporations for the production of heat and power.

(434.) Miscellaneous Gas Revenue—Municipal.

Credit to this account all revenues derived from supplying gas to municipal corporations and not provided for in the foregoing accounts; also those from the letting of engines and other gas equipment to such corporations.

(435.) Prepaid Gas.

Credit to this account all revenue derived from the sale of prepaid gas delivered through so-called "prepayment meters."

(436.) Commercial Metered Lighting—Gas.

Credit to this account all revenues derived from all consumers except municipal corporations for gas measured through ordinary meters and supplied for lighting at lighting rates.

NOTE A.—Where gas flowing through any ordinary meter is used by any other consumer than a municipal corporation for lighting and incidentally for heating or power purposes, the revenues derived therefrom shall be credited to this account.

NOTE B.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see account (No. 438), "Other Gas Corporations."

(437.) Commercial Heat and Power—Gas.

Credit to this account all revenues derived from all consumers except municipal corporations for gas supplied for heat or power at special heat or power rates.

NOTE.—This account does not include gas sold or supplied to other gas corporations for distribution; for such gas, see the account (No. 438), "Other Gas Corporations."

(438.) Other Gas Corporations.

Credit to this account all revenues derived from gas sold or supplied to other gas corporations to be by them distributed through their own pipes to consumers. If any portion of such gas is incidentally consumed by such corporations for their own benefit, whether for light, heat, or power, it shall be included herein, if not separately measured, or if included under the same contract with that which is distributed by them to consumers.

(439.) Commissions on Others' Gas.

Credit to this account all revenue accruing to the corporation for distributing gas of other companies through its pipes, selling the same, and for all other services performed in connection therewith.

NOTE.—In case the corporation distributes through its pipes the gas of another company, the corporation shall charge "Cash" or the appropriate sub-account (or accounts) under "Accounts Receivable" with the value of the gas of such other company, supplied by the corporation to consumers, and shall enter a corresponding credit to a clearing account "Gas Supplied by — Company and Distributed by this Corporation [or, 'by —', naming the corporation keeping the account]" which account shall monthly be cleared by charging to such clearing account the amount necessary to balance, and crediting to the account "Commissions on Others' Gas" the Corporation's proportion of the total revenue, and to the account of the company supplying such gas to the corporation that company's proportion of such total revenue.

(440.) Rent of Gas Appliances.

Credit to this account all revenues derived from the letting of gas engines, heating appliances, lamps, and other gas apparatus and appliances (except meters) to others than municipal corporations. Where the contract of letting names only a single consideration for both the letting and the maintenance of the appliances so let, the entire revenue shall be included in this account.

(441.) Gas Merchandise and Jobbing Revenue.

Credit to this account all receipts from the sale of gas merchandise and from gas jobbing. Charge to this account the cost to the accounting corporation of gas merchandise sold, such cost including transportation charges paid on such goods.

Credit also to this account the profit or commission accruing to the corporation on all jobbing work performed by it as agent under agency contracts, whereunder it undertakes to do jobbing work for another for a stipulated profit or commission upon its actual expense for labor, materials, and supplies.

NOTE A.—In its annual reports to the Public Service Commission the reporting corporation will be required to analyze the credits and debits to this account.

NOTE B.—This account does not include receipts from the sale of superseded equipment, or of junk or other scrap or salvage.

(442.) Sale of Residuals and Byproducts.

Credit to this account all revenue derived from the sale of residuals and byproducts.

This account shall be so kept as to enable the corporation to show in its annual report to the Public Service Commission the amounts of revenue derived from the following sources:

- 2439 Sale of Gas Coke.
- Sale of Coal-gas Tar.
- Sale of Water-gas Tar.
- Sale of Ammoniacal Liquor.
- Sale of Other Residuals and Byproducts.

NOTE A.—The amount of revenue from the sale of any residual or byproduct shall be determined by the price received at the point of delivery to the purchaser, and any expense incurred by the corporation in effecting delivery shall be charged to the appropriate operating expense account.

NOTE B.—Residuals and byproducts consumed by the corporation shall not be credited to the account "Sale of Residuals and Byproducts."

(443.) Joint Gas Rent Revenue.

When any corporation engages in gas operations for the production of some of its product for the benefit of another or others under an arrangement for apportioning the expense upon the basis of the relative amounts of benefit to the several participants in the arrangement, if such arrangement provides for the receipt by the corporation of any profit or return upon its property, such profit or return upon property shall, as it accrues, be credited month by month to this account. Such profit or return must be over and above any provision for wear and tear and depreciation of plant involved in the said production, and the amount thereof must be as provided in the arrangement under which the joint production occurs.

(444.) Other Miscellaneous Gas Revenue.

Credit to this account all revenues derived from others than municipal corporations for the supply of gas and from other gas operations not includible in any of the foregoing accounts.

13. Revenue from Outside Operations.—The detailed revenue accounts for operations other than the above mentioned will be provided for elsewhere.

14. Operating Expenses Defined.—By the operating expenses of a corporation are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein capital consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived are excluded from operating expenses.

15. Definitions of Certain Terms Used in Connection with Expense Accounts.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meanings below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services.

2440 Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit shall be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation element covers a multitude of things the portion of the expense not assigned to specific things should be charged to the same account that other expenses are charged to.

16a. Classification of Gas Operating Expenses.—For the purposes of this classification gas corporations are divided into two classes designated respectively as Large Companies and Small Companies. The term "Large Companies" shall include all corporations having an annual revenue from gas operations of more than \$500,000; all other corporations shall be classed as "Small Companies." Large companies are required to keep as primary accounts the accounts defined in the text below; while small companies may consolidate certain accounts in accordance with the following list:

Small Companies.

I. Production Expenses.

1) Gas Making Labor.....

2) Boiler Fuel.

3) Water.

4a) Fuel under Retorts.

Large Companies.

I. Production Expenses.

(001a)	Works Superintendence.
(001b)	Boiler House Labor.
(001c)	Retort House Labor.
(001d)	Generator House Labor.
(001e)	Purifier House Labor.
(001f)	Miscellaneous Labor at Works.
(002)	Boiler Fuel.
(003)	Water.
(004a)	Fuel under Retorts

Small Companies.

I. Production Expenses.

- (604b) Coal Carbonized.
- (605) Coal Gas Enricher.
- (606) Generator Fuel.
- (607) Water Gas Oil.
- (608) Purification Supplies.
- (609) Miscellaneous Works Expense.

(610) Repairs of Works and Station Structures.

(610.5) Repairs of Power Plant.....

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(611.5) Repairs of Gas Apparatus.....

- (615) Repairs of Works Tools.
- (616) Gas Storage.
- (617) Gas from other Sources.

II. Transmission and Distribution Expenses.

- (631) Transmission Pumping.
- (632) Distribution Superintendence.
- (633) Distribution Supplies and Expenses.
- (634a) Gas Meter and Installation Work.
- (634b) Work on Consumers' Premises.
- (635) Repairs of Gas Mains.
- (636) Repairs of Gas Services.
- (637) Repairs of Gas Meters.
- (638) Repairs of Distribution Tools.
- (639) Repairs of Gas Appliances.

III. Municipal Street Lighting Expenses.

- (641) Street Lamp Operating.
- (642) Street Lamp Repairs.

IV. Commercial Expenses.

- (G551) Commercial Administration—Gas.
- (G552) Promotion Office Expense—Gas.
- (G553) Advertising—Gas.
- (G554) Canvassing and Soliciting—Gas.

Large Companies.

I. Production Expenses.

- (604b) Coal Carbonized.
- (605) Coal Gas Enricher.
- (606) Generator Fuel.
- (607) Water Gas Oil.
- (608) Purification Supplies.
- (609) Miscellaneous Works Expense.

(610) Repairs of Works and Station Structures.

(G508) Repairs of Furnaces, Boilers and Accessories.

(G509) Repairs of Steam Engines.

(G511b) Repairs of Gas Engines.

(G513) Repairs of Miscellaneous Power Plant Equipment.

(611) Repairs of Benches and Reports.

(G511a) Repairs of Water Gas Sets and Accessories.

(612) Repairs of Purification Apparatus.

(613) Repairs of Holders.

(614) Repairs of Miscellaneous Equipment.

(615) Repairs of Works Tools.

(616) Gas Storage.

(617) Gas from other Sources.

II. Transmission and Distribution Expenses.

- (631) Transmission Pumping.
- (632) Distribution Superintendence.
- (633) Distribution Supplies and Expenses.
- (634a) Gas Meter and Installation Work.
- (634b) Work on Consumers' Premises.
- (635) Repairs of Gas Mains.
- (636) Repairs of Gas Services.
- (637) Repairs of Gas Meters.
- (638) Repairs of Distribution Tools.
- (639) Repairs of Gas Appliances.

III. Municipal Street Lighting Expenses.

- (641) Street Lamp Operating.
- (642) Street Lamp Repairs.

IV. Commercial Expenses.

- (G551) Commercial Administration—Gas.
- (G552) Promotion Office Expense—Gas.
- (G553) Advertising—Gas.
- (G554) Canvassing and Soliciting—Gas.

Small Companies.

V. General and Miscellaneous Expenses.

- (G833) Salaries and Expenses of General Officers.
 (G834) Salaries and Expenses of General Office Clerks.
 (G835) General Office Supplies and Expenses.
 (G836) General Law Expenses.
 (G841) Other General Expenses.....
 (G842) General Amortization—Gas.
 (G845) Gas Expenses Transferred—Cr.
 (G846) Joint Operating Expenses—Cr.

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- (G847) Injuries and Damages.....
 (G848) General Stationery and Printing.
 (G850) Store Expenses.
 (G851) Stable Expenses.
 (G852) Undistributed Adjustments—Balance.
 (G853) Duplicate Gas Charges—Cr.

Large Companies.

V. General and Miscellaneous Expenses.

- (G833) Salaries and Expenses of General Officers.
 (G834) Salaries and Expenses of General Office Clerks.
 (G835) General Office Supplies and Expenses.
 (G836) General Law Expenses.
 (G837) Miscellaneous General Expenses.
 (G838) Insurance.
 (G839) Relief Department and Pensions.
 (G840) Gas Franchise Requirements.
 (G842) General Amortization—Gas.
 (G845) Gas Expenses Transferred—Cr.
 (G846) Joint Operating Expenses—Cr.
 (G847a) Accidents and Damages.
 (G847b) Law Expenses connected with Damages.
 (G848) General Stationery and Printing.
 (G850) Store Expenses.
 (G851) Stable Expenses.
 (G852) Undistributed Adjustments—Balance.
 (G853) Duplicate Gas Charges—Cr.

16b. Definitions of Gas Operating Expense Accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

General Accounts.

- I. Production Expenses.
- II. Transmission and Distribution Expenses.
- III. Municipal Street Lighting Expenses.
- IV. Commercial Expenses.
- V. General and Miscellaneous Expenses.

I. Production Expenses.

NOTE.—In case the accounting corporation operates two or more separate and distinct plants for the production of gas, it will be required to keep (with the detail herein prescribed) separate accounts covering production at the several plants. In case the circumstances of any corporation make it impracticable to allocate the cost of its works labor among the accounts below prescribed, it should petition the Public Service Commission for permission to consolidate two or more of them. Such application must set out in full the facts which in the judgment of the petitioner make such allocation impracticable.

(601a.) Works Superintendence.

Charge to this account the cost of labor of the engineer in charge of works and his assistants, also day and night foreman and station clerks.

(601b.) Boiler House Labor.

Charge to this account the cost of labor employed in weighing and handling coal, coke, and breeze from place of storage to boilers; labor employed in operating boilers and engines (including such labor as that of shovellers, weighers, boiler firemen and engineers, and oilers); and labor employed in pumping oil tar from generators through separators to storage tanks, and from storage tanks to boilers. Include also such labor as that of pump house men.

(601c.) Retort House Labor.

Charge to this account the cost of labor employed in firing benches, charging and re-charging retorts, patching and scurting retorts, cleaning pipes and lids, quenching and handling coke 2442¹/₄ used under benches, and handling coal from place of storage to retort house. This includes such labor as that of foremen, firemen, furnacemen, retort and boiler tenders, patchers, pipemen, lid cleaners, coke quenchers, guymen, riggers, shovellers, and wheelers.

(601d.) Generator House Labor.

Charge to this account the cost of labor employed in weighing and handling coal and coke from place of storage to charging floor, and in operating, firing, clinkering and cleaning generators. This includes such labor as that of shovellers, weighers, pumpers, generator firemen, and runners.

(601e.) Purifier House Labor.

Charge to this account the cost of labor employed in changing purifier boxes, revivifying oxide, and removing spent oxide to refuse pile. This includes such labor as that of foremen and laborers.

(601f.) Miscellaneous Labor at Works.

Charge to this account the cost of general labor in and about the works not specifically engaged in the manufacture of gas, such as that of watchmen, janitors, and messengers, laborers employed in cleaning up yards, removing snow, and cleaning out refuse pile.

(602.) Boiler Fuel.

Charge to this account the cost (in storage pile) of fuel used under boilers. This includes cost of fuel used, freight, demurrage charges,

labor employed in discharging and transferring fuel from point of shipper's delivery to place of storage, and cartage employed in discharging and transferring fuel from point of delivery to place of storage.

NOTE.—If boiler fuel is delivered from point of shipper's delivery to boilers by other than boiler house labor, cost of such labor should be added to cost of fuel.

(603.) Water.

Charge to this account the cost of water used for gas production.

(604a.) Fuel Under Retorts.

Charge to this account the cost (in storage pile) of fuel used under retorts. This includes cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.—If fuel is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of fuel.

(604b.) Coal Carbonized.

Charge to this account the cost (in storage pile) of gas coal used in retorts. This includes invoice cost of coal used, freight, demurrage charges, and labor and cartage employed in discharging and transferring coal from point of shipper's delivery to storage pile.

NOTE.—If coal is delivered from storage to retort house by other than retort house labor, cost of such labor should be added to cost of coal.

2442¹/₂ (605.) Coal Gas Enricher.

Charge to this account the cost (in storage) of enricher materials used in enriching coal gas. This includes cost of enricher used, freight, demurrage charges, and labor and cartage employed in transferring enricher from point of shipper's delivery to storage.

(606.) Generator Fuel.

Charge to this account the cost (in storage pile) of fuel used in generators. This includes invoice cost of fuel used, freight, demurrage charges, and labor and cartage employed in discharging and transferring fuel from point of shipper's delivery to storage pile.

NOTE.—If generator fuel is delivered from storage to generator house by other than generator house labor, cost of such labor should be added to cost of generator fuel.

(607.) Water Gas Oil.

Charge to this account the cost (in storage tanks) of gas oil or naphtha used in making water gas. This includes invoice cost of oil used, freight, demurrage charges, and labor and cartage employed in getting oil from point of shipper's delivery to storage tanks.

(608.) Purification Supplies.

Charge to this account the cost of material used in gas purification. This includes the average cost of oxide actually used (the invoice cost and freight, plus shavings, plus labor and cartage necessary to store it, plus the cost of mixing it), and the invoice cost of lime actually used.

(609.) Miscellaneous Works Expense.

Charge to this account the cost of sundry supplies and expenses in connection with the works not includible in other accounts. This includes lubricating oil, waste and packing, and other small materials of like nature used in gas production; also incidental items, such as telephone, ice, brooms, mops, kerosene, soap, towels, and similar expenses.

(610.) Repairs of Works and Station Structures.

Charge to this account the cost of all repairs of works and station structures, including permanent piers and other foundations. Such structures include retort houses, generator houses, purifier houses, engine houses, boiler houses, meter houses, coal sheds, coke sheds, tar houses and wells, oil tanks, and other structures for storage of fuel to be consumed or carbonized in the production of gas and the operations auxiliary thereto; structures for residuals and byproducts; appurtenant walks, fences, drives, tramways, trestles, etc., and all fixtures permanently attached to such structures and made a part thereof; also all buildings, holding houses, and other structures at outlying holder stations, except the holders and their appurtenances.

2443 NOTE.—Repairs of short-lived and especially provided foundations and settings for furnaces and boilers, steam engines, gas engines, pumps, generators, benches, condensers, washers, scrubbers, purifiers, etc., shall not be included herein. Such foundations and settings and the apparatus and machinery to which they pertain are not intended to be included under the term fixtures as above used. Nor shall repairs of gas holders be included in this account.

(G508.) Repairs of Furnaces, Boilers, and Accessories.

Charge to this account the cost of repairing all furnaces, boilers, and boiler apparatus and accessories devoted to the production of steam for use in producing gas and in furnishing motive power in gas works and stations. This includes boilers and valves thereto.

attached, appurtenant furnaces and grates, and flues leading to smokestacks and chimneys, and the specially provided foundations and settings of such boilers and appurtenances. It also includes mechanical stokers and other like apparatus for regulating the supply of fuel, etc., feed and hot water heaters and economizers, injectors, filters, feed pumps, blower engines, coal conveyors, ash conveyors, water pipes, steam traps, drains, and separators; and pipes for conducting steam from the boiler to the engine, to condensers, or to the gas producers, exhaust pipes, etc. It does not include steam pipes whose primary purpose is the heating of buildings.

(G509.) Repairs of Steam Engines.

Charge to this account the cost of repairing all steam engines devoted to use as prime movers in gas works. This includes the specially provided foundations and settings of such engines. The engine, whether reciprocating or rotary (such as steam turbines), shall be considered to include the throttle or inlet valve and the governor; also condensers and air pumps, but not the steam pipe leading from the boiler, nor the exhaust pipe.

(G511*b*.) Repairs of Gas Engines.

Charge to this account the cost of repairing all gas engines devoted to use as prime movers in gas works and stations. This includes the specially provided foundations and settings of such engines. The engine includes the inlet valve, governor, and ignition and starting apparatus, but not the pipe leading from the gas holder, nor the exhaust pipe.

(G513.) Repairs of Miscellaneous Power Plant Equipment.

Charge to this account the cost of repairing all miscellaneous power plant equipment at gas works which is not includible in any of the foregoing accounts. This includes such mechanical apparatus as belts, pulleys, hangers, countershafts, and other apparatus intermediary between the prime mover and the apparatus operated, cranes, hoists, etc., and machine tools and such other tools at power plants as are proper to be capitalized, etc.

244 (G11.) Repairs of Benches and Retorts.

Charge to this account the cost of all repairs of benches, including the retorts and their settings, and auxiliary piping, including ascension pipes, and foul and hydraulic mains.

(G511*a*.) Repairs of Water Gas Sets and Accessories.

Charge to this account the cost of repairing all water gas generators and accessories devoted to the production of gas, the specially provided foundations and settings for such water gas sets, and the flues leading therefrom to smokestacks and chimneys. This account

includes not only generators, carbureters, superheaters, seals, and piping connected therewith, but also blast apparatus, oil and steam supplying apparatus, oil heaters, etc. It does not include pipes whose primary purpose is the warming of buildings.

(612.) Repairs of Purification Apparatus.

Charge to this account the cost of all repairs of the apparatus for purifying gas, including condensers, washers, scrubbers, purifiers, tar extractors, etc., and their specially provided foundations and settings.

(613.) Repairs of Holders.

Charge to this account the cost of all repairs of gas holders and appurtenances at works and of those at district stations.

NOTE.—Repairs of holder housings shall be charged to account No. 610, "Repairs of Works and Station Structures."

(614.) Repairs of Miscellaneous Equipment.

Charge to this account the cost of repairing all accessory equipment and apparatus used in the production and storage of gas not specifically provided for in the foregoing accounts. This account includes repairs of exhausters, station meters, governors, etc.; apparatus for charging retorts; conveyors for disposing of coke and other products and residuals; tar and ammonia apparatus, pumps, pipes, tanks, etc.

(615.) Repairs of Works Tools.

Charge to this account the cost of repairing such tools and implements used in the production and storage of gas as have been capitalized.

(616.) Gas Storage.

Charge to this account the cost of labor and material (except repairs) employed in storing and regulating the flow of gas to distributing mains by holder pressure. This includes labor of firemen, engineers, valvemen, and superintendents when engaged on gas storage; and cost of coal, coke, water, and incidentals.

(617.) Gas from Other Sources.

Charge to this account the cash purchase price of gas bought from other companies for distribution through the system of the
2445 accounting corporation; also the corporation's proportion of the cost of production (including maintenance, but not including any pure rent or return upon the value of property employed) of gas produced by another concern for the use of the corporation under any joint arrangement for the sharing of expense

upon the basis of the relative amounts of benefit to the several participants.

II. Transmission and Distribution Expenses.

(631.) Transmission Pumping.

Charge to this account the cost of pumping gas through mains to the distribution system, including inspection and regulation of booster governors.

NOTE.—In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any), shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

(632.) Distribution Superintendence.

Charge to this account the cost of all labor employed in superintending the operation of the street department, fitting and repair shops, including the salaries of superintendents, foremen, clerks, timekeepers, messengers, watchmen, and janitors employed in the distribution department.

(633.) Distribution Supplies and Expenses.

Charge to this account the cost of office maintenance and incidental expenses of the street and shop departments, including light, heat, telephone, water, ice, etc.

NOTE.—When the distribution office is combined with the works office or commercial office, charges like rent, light, etc., should be divided between them in a fixed ratio, based upon the relative amounts of use.

(634a.) Gas Meter and Installation Work.

Charge to this account the cost of labor employed and material used in locking and unlocking meters, building inspection, pumping drip, cleaning service or house pipe with pump; setting, removing, re-setting and changing position of meters, and temporary repairs of leaks in house piping.

(634b.) Work on Consumers' Premises.

Charge to this account the cost of installing gas stoves and other appliances on the premises of consumers, and of work done for con-

sumers in maintaining the efficiency of their service, including complaint work and other work done in houses beyond the end of the meter outlet connection. This includes the cost of adjusting or changing location of house pipes, gas burners, fixtures, stoves and appliances, and the cost of new pillars, tips, burners, or devices not chargeable to repair accounts; it does not include such installation expense items as are provided for in the preceding account.

Credit to this account the cost element of receipts for jobbing work which the accounting corporation has performed as agent, under agency contracts.

NOTE A.—Any profit or commission accruing to the corporation on jobbing work performed as agent shall be credited to account No. 441 "Gas Merchandise and Jobbing Revenue;" to that account shall also be credited all receipts from gas jobbing not done under agency contracts.

NOTE B.—Credits and debits to this account must be analyzed in annual reports to the Public Service Commission.

(635.) Repairs of Gas Mains.

Charge to this account the cost of labor and material employed in repairing mains. This includes labor of foremen, inspectors, caulkers, tappers, pavers, drillers, skilled laborers, general laborers, and similar workers on street department payrolls, while engaged in repairing, altering, overhauling, changing position of or removing street mains; protecting exposed or undermined mains, searching for and repairing leaks in mains, and paying over any of the above work; also material and cartage in connection with the above work.

NOTE.—This account must be so kept as to enable the corporation to show separately in its annual report to the Public Service Commission the cost of repairing trunk lines and mains used for transmission of gas, and the cost of repairing those used for distribution.

In gas operations, when gas is delivered to the supply system outside the works at substantially works pressure, the pipe system, including mains, feeders, and services (and supply pipes to outlying holders, if any) shall all be classed in the distribution system. When the pressure is raised by means of boosters and the gas is delivered to the pipes at higher than works pressure, and is later reduced in pressure and delivered to the distribution system proper, that portion of the pipe system used for conducting gas at the raised pressure shall be classed as the transmission system.

(636.) Repairs of Gas Services.

Charge to this account the cost of labor and material employed in repairing services. This includes the same classes of labor as shown in the account (No. 635), "Repairs of Gas Mains," while engaged in repairing, altering, removing, relaying, cutting off, increasing the size of and changing the position of services; searching for and

repairing leaks in services; and paving over any of the above work; also material and cartage in connection with the work shown above.

(637.) Repairs of Gas Meters.

Charge to this account the cost of testing and repairing consumers' meters.

(638.) Repairs of Distribution Tools.

Charge to this account the cost of sharpening and repairing tools and implements used in the street department and the fitting and repair shops and charged to capital accounts.

2447 (639.) Repairs of Gas Appliances.

Charge to this account the cost of repairs of gas lamps, stoves, engines, and other appliances owned by the corporation and rented to consumers.

III. Municipal Street Lighting Expenses.

(641.) Street Lamp Operating.

Charge to this account the cost of labor employed in cleaning and lighting street lamps, and extinguishing street lights; in inspecting and supervising the street lighting district; in reporting on re-lights and discontinues, and watching the hours of lighting and extinguishing; and the incidental expenses of street lamp operating.

(642.) Street Lamp Repairs.

Charge to this account the cost of labor and material consumed in fitting up new lamp posts, re-fitting standpipes, cleaning services, cutting off services, re-caulking columns, removing posts, re-setting posts, re-fitting columns, straightening posts, and all other work of a similar character necessary to maintain the street lighting system to the degree of efficiency required by the city; also re-paving over openings made necessary by such work.

IV. Commercial Expenses.

(G551.) Commercial Administration—Gas.

Charge to this account all matters provided for under the following heads:

a. Commercial Department General Labor.—This head includes the cost of labor of superintendents and assistants, chief clerks, stenographers, general clerks, high bill clerks, switchboard operators, messengers, janitors, and watchmen employed in the commercial department.

b. Commercial Department Accounting.—This head includes the cost of labor of bookkeepers and clerks employed on consumers' accounts.

c. Commercial Department Contracts.—This head includes the cost of labor of clerks and other employees in the application or contract bureau.

d. Commercial Department Collecting.—This head includes the cost of labor of regular and prepayment collectors.

e. Meter Reading.—This head includes the cost of labor of meter readers.

f. Commercial Office Supplies and Expenses.—This head includes the cost of supplies and the incidental expenses of the commercial office.

(G552.) Promotion Office Expense—Gas.

Charge to this account the matters prescribed under the following heads:

2448 *a.* Promotion Management.—This covers the cost of administration of the department maintained for the promotion or development of gas consumption, including that portion of the salaries and expenses of management and clerks in agency and contract departments assignable to new business.

b. Demonstrations.—This covers the cost of labor and expenses incurred in exhibiting and demonstrating the use of gas appliances for the purpose of obtaining new business.

c. Other Promotion Office Expense.—This covers the office expenses of the promotion or new business department.

(G553.) Advertising—Gas.

Charge to this account the matters prescribed under the following heads:

a. Advertising Salaries and Expenses.—This covers the salaries and personal expenses of the advertising manager and clerks.

b. Advertising Sundries.—This covers the cost of commercial advertising sundries, including booklets, dodgers, newspaper advertisements, posters, bulletins, and all related items.

NOTE.—This account does not include the expense of advertising residuals, such being chargeable to the proper residual expense account.

(G554.) Canvassing and Soliciting—Gas.

Charge to this account all expenses incurred in soliciting new business, including wages, commissions, and personal expenses of

canvassers, cost of preparing estimates, engineering advice on gas installation, etc., and office sundries in connection therewith.

V. General and Miscellaneous Expenses.

(G833.) Salaries and Expenses of General Officers.

Charge to this account the salaries and traveling and incidental expenses of the chairman of the board, president, vice-president, treasurer, secretary, comptroller, general auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers whose jurisdiction extends to the entire system and whose services can not be satisfactorily allocated to the several departments.

(G834.) Salaries and Expenses of General Office Clerks.

Charge to this account the salaries and traveling and incidental expenses of general office auditors, bookkeepers, cashiers, paymasters, stenographers, clerks employed in counting cash, and all other clerks employed in the general office.

NOTE.—Cost of labor of clerks in the commercial department shall be charged to the account (No. G551), "Commercial Administration—Gas." (See page 46.)

(G835.) General Office Supplies and Expenses.

Charge to this account the cost of office supplies, repairs of office furniture, and renewals of such furniture as has not been
249 capitalized; wages of janitors, porters, and messengers; rent of rooms in office buildings, repairs of such rented rooms, and all other miscellaneous expenses of general offices. Office expenses of department officers must be charged to the proper departmental accounts.

NOTE.—Rents charged to this account will be required to be reported separately.

(G836.) General Law Expenses.

Charge to this account all law expenses except those incurred in the defense and settlement of damage claims. This includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

NOTE.—The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense or settlement of damage

suits and partly in other legal work, should be properly apportioned between this account and the account (No. G847b), "Law Expenses Connected with Damages."

(G837.) Miscellaneous General Expenses.

Charge to this account the cost of telephone service, telegrams, and other miscellaneous expenses (including all expense specially incurred in connection with the utilization and sale of residuals and byproducts, such as coke, tar, ammonia, carbon, and other residuals and byproducts, etc.) connected with the general management not otherwise provided for.

NOTE.—Charges to this account must be made in such wise as to enable the corporation to show separately the following matters:

a. Coke expense, including the cost of all labor and supplies specially consumed and expense specially incurred in the disposal of coke over and above what would be necessitated by such disposition if the coke were not sold. This includes the cost of any special preparation of the coke for sale and the cost of hauling such coke to points of delivery.

b. Tar expense, including the cost of all labor and supplies specially consumed and all expense specially incurred in the disposition of tar over and above the expense that would be involved if such tar were consumed by the corporation. If both coal gas and water gas are manufactured, and the resulting tars are separately disposed of, the tar expense shall be stated for each.

c. Ammonia expense, including the cost of all labor and supplies specially consumed and all expense specially incurred in the preparation and sale of ammonia or ammoniacal liquor over and above what would be involved if such liquor were consumed or wasted by the corporation.

d. Other residuals and byproducts expense, including the cost of all labor and supplies specially consumed and expense specially incurred in the preparation and disposition of other residuals and byproducts than those provided for under the foregoing three heads, over and above what would be involved if such residuals and byproducts were consumed by the corporation or wasted.

e. Other miscellaneous expense connected with gas operations and not elsewhere provided for.

(G838.) Insurance.

Charge to this account premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance; also amounts set aside as an insurance reserve.

2450 NOTE.—In their reports to the Public Service Commission corporations will be required to report the charges made to

this account for the various kinds of insurance, and for self-insurance.

(G839.) Relief Department and Pensions.

Charge to this account all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department; also all pensions paid to retired employees, and expenses in connection therewith.

(G840.) Gas Franchise Requirements.

Charge to this account the cost of all gas and other materials and supplies furnished to municipal corporations in compliance with franchise requirements and for which no payment is received by the corporation; also of all direct expense, such as paving and other like matters, incurred in compliance with such requirements and for which no reimbursement is received by the corporation. Amounts charged to this account for which there is no direct money outlay shall be credited to the below provided account (No. G853), "Duplicate Gas Charges—Cr."

(G842.) General Amortization—Gas.

Charge to this account month by month the amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during the month in the tangible gas capital of the corporation; and such portion of the life of intangible fixed capital as has expired or been consumed during the month; and the amount estimated to be necessary to provide a reserve to cover the cost of property destroyed by extraordinary casualties; less the amounts charged for that month to the various repair accounts in Gas Operating Expenses. The amount charged (or credited) to this account shall be concurrently credited (or charged) to the reserve account (No. 374), "Accrued Amortization of Capital." (See page 28.)

NOTE A.—Until otherwise ordered, the "amount estimated to be necessary to cover such wear and tear and obsolescence and inadequacy as have accrued during" any month shall be based on a rule determined by the accounting corporation. Such rule may be derived from a consideration of the said corporation's history and experience during the preceding five years, and the accrual may be on the basis of amount of gas sold. Amortization of intangible capital shall likewise be based on rule. Whatever may be its basis, such rules and a sworn statement of the facts and expert opinions and estimates upon which they are based shall be filed with the Public Service Commission on or before January 1, 1909; each amendment of any such rule and a sworn statement of the facts and expert opinions and estimates upon which such amendment is based shall be filed with the Public Service Commission before it is used by the accounting corporation, and shall show the date when it is to be

effective. Such rules and statements shall be filed upon sheets $8\frac{1}{2} \times 11$ inches or $9\frac{1}{2} \times 12$ inches and shall be entitled "Rule of the (here naming the accounting corporation) concerning Amortization."

NOTE B.—When any capital is retired from service, the amount (estimated if not known) originally charged to a capital account in respect thereof shall be credited to such capital account, and (except as provided in the account (No. G100), "Fixed Capital, December 31, 1908") the original money cost of such capital, less salvage, if any, shall be charged to the reserve account, "Accrued Amortization of Capital," any necessary adjusting entry being made in the proper account under "Corporate Surplus or Deficit." Where capital is substantially continuous and can not be satisfactorily individualized, it shall be kept in efficient operating condition through repair, and the renewals and replacements of parts thereof shall be considered repairs. In the case of buildings, towers, bridges, trestles, and other separate structures capable of being readily individualized, charges to this account must be sufficient to provide (in respect of such capital and except as provided in the account (No. G100), "Fixed Capital, December 31, 1908") in the account "Accrued Amortization of Capital" by the time such structures go out of service a reserve equal to the original money cost thereof, less salvage, to which account such original cost, less salvage, shall be charged.

(G845.) Gas Expenses Transferred—Cr.

Credit to this account the proportion of operating expenses (including depreciation and other amortization as well as repairs) chargeable to other coordinate departments (such as electric or street railroad) within the same corporation, but defrayed in the first instance by the gas department.

NOTE.—Do not credit to this account any allowance in the nature of rent or return upon the cost or value of property.

(G846.) Joint Operating Expense—Cr.

When any plant or equipment is maintained or operated by the accounting corporation for the joint benefit of itself and others under an arrangement for apportioning (on the basis of the relative amounts of benefit to the several participants) the operating expenses, the portion of such expenses chargeable to others under the arrangement shall be credited to this account. The portion so credited must not include any allowance for profit or return upon the value of such property.

NOTE A.—The foregoing should be read in connection with the definition of revenue account (No. 443), "Joint Gas Rent Revenue." (See page 36.)

NOTE B.—In the case of the production of gas part of which is transferred to another, if the arrangement under which such pro-

duction occurs does not provide for the apportionment of expenses, the entire amount charged for the portion supplied is to be credited to the appropriate revenue account covering the sale of gas. (See the account (No. 438), "Other Gas Corporations," page 34.)

(G847a.) Accidents and Damages.

Charge to this account all expenses (other than law expenses provided for in the succeeding account) on account of persons killed or injured and property damaged in connection with the operation of the plant, as enumerated under the following heads:

(a) Claim Department Expenses.—This head includes salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims.

(b) Medical Expenses.—This head includes salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees and expenses of coroners and undertakers; and contributions to hospitals.

(c) Injuries to Employees.—This head includes amounts paid in settlement of claims of employees for injuries arising in the course of their employment; also wages paid to disabled employees while off duty.

2452 (d) Other Personal Injuries and Property Damages.—

This head includes amounts paid in settlement of claims of persons other than employees for personal injuries sustained in connection with the operation of the plant, and amounts paid in settlement of claims for damage to property not owned by the accounting corporation.

(e) Other Accident Expenses.

NOTE A.—If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged shall be credited to the account (No. 381), "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

NOTE B.—The amount charged under the head (c), "Injuries to Employees," must be separately stated in annual reports to the Public Service Commission.

(G847b.) Law Expenses Connected with Damages.

Charge to this account all law expenses in connection with the defense or settlement of damage claims, including—

(a) Salaries and Expenses of Attorneys.—A proper proportion of the salary and expenses of the general solicitor or counsel, and salaries, fees, and expenses of attorneys engaged in this work.

(b) Court Costs and Expenses.—Fees of court stenographers, expenses connected with taking depositions, and other court expenses.

(c) Law Printing.—Cost of law books, and cost of printing of briefs, court records, and similar papers.

NOTE A.—If it is desired that the charge to operating expenses on account of law expenses in connection with damages shall be upon some arbitrary basis, the amount so charged shall be credited to the account (No. 381), "Casualties and Insurance Reserve," and the actual disbursements above enumerated shall be charged against such reserve account.

NOTE B.—The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be properly apportioned between this account and the account (No. G836), "General Law Expenses."

(G848.) General Stationery and Printing.

Charge to this account all expenses for stationery and printing, stationery supplies, and postage, except as hereinafter provided:

The cost of printing briefs and other legal papers shall be charged to the account (No. G836), "General Law Expenses," or (G847), "Law Expenses Connected with Damages," in accordance with the purpose of the printing.

The cost of printing signs, posters, and other advertising matter shall be charged to the account (No. G553), "Advertising—Gas."

The cost of such mechanical calculators, typewriters, duplicating machines, and other office appliances as are not properly capitalized, shall, if for use in general offices, be charged to the account (No. G835), "General Office Supplies and Expenses"; or if for the use of departmental officers, to the proper departmental accounts.

(G850.) Store Expenses.

Charge to this account all salaries and expenses in connection with storerooms, including cost of sending materials and supplies from general storerooms to branch storerooms, and the collection of scrap material.

2453

(G851.) Stable Expenses.

Charge to this account the cost of feed, keep, and shoeing of horses, wages of stablemen, hostlers, veterinary expenses, and all other expenses of stabling horses; also the cost of repairing harness and vehicles.

NOTE.—The cost of horses purchased to replace others should be charged to the account (No. G122), "General Equipment."

(G852.) Undistributed Adjustments—Balance.

At least once a year an inventory of materials and supplies shall be taken, and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances debited or credited to this account in case it cannot be assigned to a specific account. Credit to this account all discounts recovered through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

NOTE.—Where materials and supplies have been used in construction as well as in operation, a suitable proportion of the shortages or overages disclosed by the inventory may be debited or credited to the account (No. G286), "Miscellaneous Construction Expenditures."

(G853.) Duplicate Gas Charges—Cr.

Credit to this account all charges made to any account in gas operating expenses in respect of any gas or other product of gas operations of the corporation consumed therein.

17. Expenses of Outside Operations.—The detailed expense accounts for other than gas operations will be elsewhere provided for.

18. Tax accounts.—An account shall be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account shall be appropriately entitled (as e. g., "Taxes Assignable to Gas Operations," "Taxes Assignable to Non-operating Revenues," etc.), and shall be so kept as to show separately the following:

- State Franchise Tax on Capital Stock,
- State Franchise Tax on Gross Earnings,
- Special Franchise Tax,
- Taxes on Land (exclusive of improvements),
- Taxes on Improvements on Lands,
- Taxes on Personal Property,
- Other Taxes (showing in detail).

To each tax account there shall be charged monthly the amount of taxes accruing during the month, and such amount shall be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month shall, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter shall be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of the levy becomes known. If during, say, the fifth month, it is found that the levy for the year is \$640, there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month thereafter during the remainder of the year. Such taxes as pertain to two or more classes of operations or to

non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Public Service Commission.

19. Uncollectible Bills.—For uncollectible gas bills the following account is provided.

(G870.) Uncollectible Gas Bills.

When, after a reasonably diligent effort to collect, any account stated for gas sold has proved impracticable of collection, it shall be charged to this account and credited to the account receivable in which theretofore charged.

20. Definitions of Non-operating Revenue Accounts.—In the following definitions of accounts the letters and numbers prefixed to the titles are inserted solely for convenience of reference and are no part of the titles or of the definitions:

(G901*b*.) Rent Accrued from Lease of Gas Plant.

Credit to this account monthly as they accrue all revenues flowing to the corporation from its interests in gas plant or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

(G901*d*.) Miscellaneous Rent Revenues.

Credit to this account monthly as they accrue all miscellaneous rent revenues flowing to the corporation as a return upon leased property other than gas plant and equipment. Such revenues shall be classified as follows:

Leasehold Revenues.—That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease the entire term of which is greater than one year. This contemplates that the taxes on property so held are payable by the tenant in possession and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes shall be charged to this revenue account and not to any of the lessor's tax accounts, nor to any of its expense accounts.

2455 Other Rent Revenues.—That is to say, all revenues flowing to the corporation from its interests in property held by others under any lease or contract for a term not to exceed one year from the beginning of the term, or held at will or upon sufferance. This account contemplates that the taxes on property of this character

shall be paid by the landlord and charged to the appropriate tax account. If under the contract covering the holding for terms of one year or less, or at will, the taxes are to be paid by the tenant, the amount of such taxes shall be credited month by month to this account as they accrue, and shall correspondingly be charged to the tax account covering taxes on property of this character.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

(G902) Interest Revenues.

Credit to this account monthly as it accrues all—

Interest from Bound Investments.—That is to say, all interest accruing to the corporation upon such of its interest-bearing bound investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Free Investments.—That is to say, all interest accruing to the corporation upon such of its interest-bearing free investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

Interest from Other Sources.—That is to say, all interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the two foregoing heads, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

(G903.) Dividend Revenues.

Credit to this account at their cash value, and as of the date when collectible, all—

Dividends on Bound Investments.—That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its bound investments.

Dividends on Free Investments.—That is to say, all dividends declared by solvent concerns upon stocks held by the corporation among its free investments.

Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

(G904.) Profits from Operations of Others.

Whenever, in accordance with the terms of any contract, the corporation is entitled to participate in the profits resulting from
 2456 the operations of others, all revenues accruing to the corporation from such source shall be credited to this account.

NOTE.—This account does not include any dividends on stocks. Such dividends should be credited to the account (No. G903), "Dividend Revenues."

(G905.) Miscellaneous Non-operating Revenues.

To this account shall be credited all non-operating revenues accruing to the corporation and not provided for in any of the foregoing accounts.

21. Definition of Non-operating Revenue Deductions Account.—To an account entitled "Non-operating Revenue Deductions" shall be charged all matters provided for under the following sub-accounts:

A. Rent Expenses. This sub-account includes all matters provided for under the following two heads:

Leasehold Expense.—That is to say, all expense arising in connection with the procuring of revenues from leaseholds having terms greater than one year, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collector's commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such leaseholds. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This head includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as reparable wear and tear. It does not include taxes.

Other Rent Expense: This head is analogous to the preceding head "Leasehold Expense," and differs from that only in that this provides for expense in connection with property let for a term of one year or less.

b. Interest Expense.—This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

c. Dividend Expense.—This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporations whose stocks are held, whether for the

purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

d. Others' Operations Expense.—This sub-account includes the cost of negotiating contracts whereunder the corporation is to participate in profits resulting from the operations of others; also all expense of collecting the corporation's proportion of such profits, and all expense connected with procuring the modification or the dissolution of any such contract.

e. Miscellaneous Non-operating Expense.—This sub-account includes all non-operating expense (as hereinbefore defined) which is not provided for in the foregoing sub-accounts.

2457 *f. Non-operating Taxes.*—This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

g. Uncollectible Non-operating Revenues.—When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore charged, and charged to the account "Non-operating Revenue Deductions" under the head of "Uncollectible Non-operating Revenues."

NOTE.—In annual reports of corporations to the Public Service Commission this account will be required to be fully analyzed.

22. *Income Deductions.*—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that operation for that period. This gross revenue diminished by the operating expenses, the taxes, and the uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly for the non-operating revenues, the non-operating expenses, and the non-operating taxes.

The aggregate of the incomes from the several operations and the nonoperating income is the gross income applicable to corporate and leased properties. As has before been said, the gross income is, in the usual case, subject to various compulsory deductions, and these are hereinafter called Income Deductions.

23. *Definitions of Income Deduction Accounts.*—In the following definitions the letters and numbers prefixed to the titles of the several accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

(921.) Interest Deductions.

Charge to this account monthly (or as otherwise below directed) all matters provided for under the following five heads:

Absolute Interest Accrued on Funded Debt.—This head includes

all interest accruing absolutely on the outstanding funded debt of the corporation.

Contingent Interest Accrued on Funded Debt.—This head includes, when the contingency occurs, all interest accruing contingently on the outstanding funded debt of the corporation. This includes such matters as interest on income bonds.

Interest Accrued on Receiver's Certificates.—This head includes all interest accruing on receiver's certificates which are liens upon the property of the corporation or any part of it.

Interest Accrued on Other Unfunded Debt.—This head includes all interest accruing on all unfunded debt of the corporation except receiver's certificates.

Interest Accrued on Debenture Stocks.—This head includes all interest accruing on the outstanding debenture stocks of the corporation.

Entries in the account "Interest Deductions" must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Public Service Commission.

2458 (922*b*.) Rent for Lease of Other Plant.

Charge to this account monthly all amounts accrued against the accounting corporation for rent of gas plant and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such plant and equipment shall not be charged to this account but to the appropriate Taxes account. If such taxes are (under the contract of lease) payable by the lessor or reversioner, they shall be credited to this account and charged to the appropriate Taxes account. Such taxes, when paid by the lessor or reversioner, shall be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such plant and equipment shall be reported by the corporation in possession.

(922.) Other Rent Deductions.

Charge to this account the matters provided for in the following sub-accounts:

f. Joint Facility Rents.—Where any plant or equipment is maintained or operated by another corporation for the joint benefit of the accounting corporation and others under a joint arrangement for sharing the expense (on the basis of the relative amounts of benefit to the several participants), if such joint arrangement provides for including in the charge against the accounting corporation any pure rent, profit, or return upon such plant or equipment over and above depreciation and other expense of maintenance and operation, such pure rent, or profit, or return upon property shall be charged to this sub-account.

NOTE.—This should be read in connection with the revenue account (No. 443), "Joint Gas Rent Revenue." (See page 36.)

g. Miscellaneous Rent Deductions.—This sub-account includes all miscellaneous rents payable not elsewhere provided for.

NOTE A.—Rents for furnished offices (and for office rooms in office buildings heated and lighted by the landlord) should not be charged to this account, but to the appropriate expense account.

NOTE B.—Entries in this account must be made in such wise as to permit an analysis in the annual report of the corporation in accordance with the sub-accounts above defined.

(923.) Sinking Fund Accruals.

Charge to this account month by month all accruals required to be made to sinking funds in accordance with the provisions of mortgages or other contracts requiring the establishment of sinking funds. All accruals to sinking or other funds created voluntarily by the corporation and not in pursuance of the provisions of any mortgage or other contract or of the requirements of law shall be excluded herefrom.

(924.) Guaranties of Periodic Payments.

Charge to this account all unsecured accruals of obligations arising under contracts whereby the corporation has guaranteed the annual or more frequent periodic payment of money or performance of other obligation on the part of another corporation 2459 or person, and because of the default of such other corporation or person the liability of the present corporation has become actual. This account does not include such matters as guaranties of payment of principal of funded debt and other similar things relating to a series of years, nor does it include any guaranties for which the corporation has protected itself through taking ample security. If insufficient security has been taken in respect of such annual or more frequent payments, the unsecured portion thereof shall be charged to this account.

(925.) Loss on Operations of Others.

Whenever in accordance with the terms of any contract the corporation is bound to contribute toward reimbursement of the losses resulting from the operations of others, all liabilities accruing to the corporation from such source shall be charged to this account.

(926.) Other Contractual Deductions from Income.

Charge to this account month by month all contractual liabilities arising from annual or other more frequent periodic matters and not includible in any of the foregoing accounts. This account in-

cludes only deductions from income and not any liabilities arising in exchange for goods or other things purchased.

(927.) Amortization of Landed Capital.

Charge to this account at the close of any fiscal period such proportion of the original money cost (estimated if not known) of landed capital as is necessary to cover the proportion of the life thereof expired during such period.

NOTE A.—The amounts charged to this account shall be concurrently credited to the account (No. 374), "Accrued Amortization of Capital." (See page 28.)

NOTE B.—When any landed capital expires or is otherwise retired from service (as e. g., through sale), the capital account or other indicant account (if any) originally charged therewith shall be credited with the amount originally charged, the account "Accrued Amortization of Capital" shall be debited with all amounts theretofore credited to such account in respect of such landed capital so going out of service, the appropriate account shall be debited with the proceeds of sale (if any), and any necessary adjustment shall be made through the "Corporate Surplus or Deficit" account.

(928.) Amortization of Debt Discount and Expense.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith. Such amortization may at the option of the corporation be earlier effected by charging all or any portion of such discount and debt expense to the account (No. 939), "Other Deductions from Surplus," immediately upon issue of the debt or thereafter.

2460 (929.) Amortization of Premium on Debt—Cr.

Credit to this account at or after the close of any fiscal period the proportion of the premium at which outstanding debt was issued which is applicable to the period. This proportion shall be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium at which such debt was issued. Such amortization may at the option of the corporation be effected by crediting all or any portion of such premium to the account (No. 931*b*), "Other Additions to Surplus," only upon the maturity of the debt.

24. Appropriations.—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into gross in-

come for that period gives the Net Corporate Income for the period. The net corporate income being of the same nature as the corporate surplus shall be closed into the "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the "Corporate Surplus or Deficit" account are designated the Appropriation accounts, for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period each of the appropriation accounts shall be closed into the "Corporate Surplus or Deficit" account.

25. Definitions of Appropriation Accounts.—In the following definitions of the appropriation accounts the letters and numbers prefixed to the titles of the accounts are inserted solely for convenience of reference and are no part of the titles or of the definitions:

(931a.) Bad Debts Collected.

When any debt theretofore written off as a bad debt is collected, the amount of the collection shall be credited to this account. Expense involved in such collection shall be charged to this account.

(931b.) Other Additions to Surplus.

Credit to this account all additions to surplus because of erroneous accounting in prior fiscal periods, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

(932.) Expenses Elsewhere Unprovided For.

Charge to this account all expenses not chargeable as a part of operating expenses or of non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance, for non-feasance, etc., fines levied on directors, officers, and other employees and assumed by the corporation, donations to funds, to churches and other associations, and other like expenses and outgoes.

(933.) Dividends on Outstanding Stocks.

When any dividend is declared upon any outstanding stocks of the corporation, the amount of such dividend shall there-
2461 upon be charged to this account. All entries to this account shall show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is payable in any other thing than money, such thing shall be described in the entry with sufficient particularity to identify it, and the actual money value thereof shall be stated as the amount of the dividend.

When any dividend is declared upon the stocks of the corporation held in its treasury, the amount of such dividend thereon shall be

credited to this account. Entries of credits to this account shall be made with the same degree of particularity as is prescribed in the preceding paragraph.

(934.) Amortization Elsewhere Unprovided For.

Charge to this account such amortization as is not elsewhere provided for. This account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

(935.) Appropriations to Reserves.

Charge to this account all optional appropriations to reserves.

(936.) Gifts to Controlled Corporations.

Charge to this account all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

(937.) Other Appropriations.

Charge to this account all optional appropriations made by the corporation and not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

(938.) Bad Debts Written Off.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

NOTE.—Such "uncollectible bills" as have been provided for in the heretofore defined "uncollectible bills" accounts must not be included in this account.

(939.) Other Deductions from Surplus.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods, and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in annual reports of corporations to the Public Service Commission.

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2466 At an Adjourned Meeting of the Public Service Commission for the First District, Duly Held at Its Office, No. 120 Broadway, in the Borough of Manhattan, City and State of New York, on the 29th Day of June, 1917.

Present:

Oscar S. Straus, Chairman;
Henry W. Hodge,
Travis H. Whitney,
Charles S. Hervey,
Commissioners.

Case No. 578.

In the Matter of a Uniform System of Accounts for Gas Corporations Within the Jurisdiction of the Commission.

Order Modifying the Final Order.

An order having been adopted by the Public Service Commission, First District, on December 8, 1908, prescribing a uniform system of accounts to be kept by gas corporations subject to its jurisdiction, it is hereby

Ordered, That Schedule A of the Uniform System of Accounts for Gas Corporations be modified by the substitution for paragraphs 9-22 thereof the matter contained in Schedule 1 appended hereto.

Ordered, That in addition to such amendment there be inserted as an introduction to the definitions of capital in said Schedule A the following statement:

In prescribing this uniform system or method of keeping accounts, records and books to be observed by such corporations, the Commission is not undertaking that any item set out in any account will have the Commission's approval either as to amount or character in fixing a rate or authorizing an issue of securities. The system or method of accounts prescribed is designed to set out the facts in connection with the income, outgo, etc., and the Commission will determine in any proceeding involving the fixing of a rate or authorizing an issue of securities just what consideration shall be given to items in the several accounts.

2467 The following definitions of capital relate to the cost of productive property, which is one of the items of information required in the consideration of applications for the consent of the Commission to the issue of securities. These definitions are applicable to specific expenditures relating to specific property rather than the property investment of the company in its entirety. A specific expenditure may therefore be properly classified as an "addition" when it does not take the place of anything previously existing without implying that this justifies the issue of additional securities. Before determining that an outlay for an addition may be provided for by the issue of additional securities, the Commission may require evidence that the entire property investment has been increased by the amount of the specific addition, and that the expenditure has not been made from the proceeds of earlier issues of securities or from the proceeds of sale of other property or from funds set aside for the purpose of maintaining the investment unimpaired.

It is the practice of the Commission in every case to require the presentation of evidence respecting the adequacy of the provision made for meeting depreciation or consumption of capital by charges against revenue in accordance with the terms of accounts elsewhere defined in this classification. Unless and until otherwise ordered, the moneys reserved from income for the preservation of the capital investment are not required to be segregated from other assets in a special cash account or fund, nor to be retained until they can be expended in replacing any specific property. On the contrary, the moneys so reserved will be available for the acquisition of other assets and in the ordinary case will be concurrently expended either for replacements or additions, to the end that there shall be no idle cash at the same time that there is current use for funds for capital investment.

While it is not at present required that the depreciation reserve "Accrued Amortization of Capital" shall be subdivided into the various classes of fixed capital hereinafter specified, the commission recommends that such subdivision be made and entered year by year in a "Plant Ledger" or "Register of Fixed Capital."

Ordered, That this order take effect on the first day of January, 1918.

9. Further Classification of Capital.—Fixed capital is further divisible into original capital, additions, betterments, and renewals and replacements, as defined below.

10. Original capital is capital put into service in carrying out such part of the plans for construction and finance as is authorized for immediate execution at the outset of the enterprise.

11. Additions comprise tangible or intangible capital which is added to original capital and does not take the place of anything previously existing.

12. Betterments comprise the enlargement or improvement of existing structures, facilities and equipment. When a betterment consists in the substitution of a superior part for an inferior part retired (as, for example, the strengthening of a building by the substitution of heavier girders), the amount of the betterment is the excess cost of the new part over the cost of the part retired. (If the cost of the part retired is not known, it shall be estimated and the facts upon which the estimate is based shall be shown.) Changes or alterations in existing structures, facilities and equipment necessary or incidental to the installation of a betterment shall be classed as repairs, and the cost of such changes or alterations, less salvage, if any, shall be charged to the appropriate operating expense account.

13. Renewals include all extensions of terms of years in land and tangible fixed capital, and all extensions of the life period of franchises and other intangible fixed capital.

14. Replacements include all substitutions for capital exhausted or become inadequate in service, the substitutes having substantially no greater capacity than the things for which they were substituted. When, through wear and tear or through casualty, it becomes necessary to replace some part of any structure, facility, or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility, or unit of equipment, the replacement of such part is to be considered a repair, and the cost of such repair is to be treated as an operating expense, and must not be charged to any capital account.

NOTE A.—Any replacement that involves a change in the type or character of construction as well as capacity of the part replaced (such, for illustration, as the substitution of concrete or steel poles for wood poles in a division or section of an electric line) should be recorded in capital account, after the capital account has been relieved of the cost of the part replaced. In order, however, to simplify the accounting, replacements of parts or sections of continuous capital, such as track, gas mains and electric line, even when involving a change in type or character, shall be treated as repairs in case the cost of a continuous section does not exceed \$100; and office furniture, small buildings, and equipment of minor importance, when replaced in kind and without betterment, shall be treated according to the same rule.

NOTE B.—When the replacements to be made to an important building or other structure, machine or piece of apparatus will constitute the major portion of its value when replaced, the entire structure, machine or piece of apparatus when taken out of

service shall be considered as retired and the cost thereof credited to capital account, as provided in Paragraph 15, and the reconstructed property, including that portion of the original property not removed at its present value, shall be considered as an addition and the cost thereof accounted for accordingly.

15. Withdrawals or Retirements.—To the end that the capital accounts shall at all times disclose the cost of all property in service, the cost of retired capital, whether replaced or not, must be deducted from (i. e., credited to) the capital account. Every gas corporation is therefore required to take such measures and establish such procedure as will insure strict compliance with these requirements. * * * When anything is worn out, lost, sold, destroyed, abandoned, surrendered upon lapse of title, become unserviceable, or otherwise withdrawn or retired from service, the amount at which such thing stood charged in the capital account shall be credited to the capital account in which it stood charged at the time of exhaustion or retirement, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing retired. If there is no such original entry, that fact shall be stated in connection with the credit entry. If the amount originally charged (i. e., the ledger value) is not separately recorded, it shall be taken to be the proportionate share of said property in the value of the entire group in which the property is included. The entry shall state the fact of such estimation.

NOTE A.—The foregoing rule shall not apply to capital temporarily out of service, provided such period of temporary disuse does not exceed two years. In their annual reports to the Public Service Commission corporations will be required to give particulars concerning all capital temporarily disused and not credited to the proper capital account in accordance with the foregoing rule.

NOTE B.—No receiver or other person temporarily in charge of a gas corporation shall be relieved of the foregoing requirement through failure to obtain the records of the corporation. If by reason of the absence of the corporate records, he is unable to make the proper credits to the capital accounts of the corporation for retirements, he shall open on his books the two historical accounts "Property Retired During the Receivership" and "Depreciation Accrued Prior to the Receivership" and credit to the former account the original cost in accordance with the foregoing requirement, concurrently charging the same amount (less salvage, if any) to the several depreciation reserves.

16. Entries Must Enable Identification.—Every debit or credit to a fixed capital or other investment account must be made in such wise as to be readily identified with the particular item of property to which it relates. For each item (or project) of fixed capital or other investment the records shall show the date of the entry, the date of acquisition or installation, the date when placed in service, the actual money cost, and the description thereof with such particularity as to

enable the location and identification thereof (including, in case the item is movable, the name of the manufacturer and the identifying mark or number, if any, imprinted thereon, and such other particulars as may be necessary for identification.) Where two or more items are acquired under a single undivided contract, the entry in respect of each shall refer to the others, and shall state the entire consideration, and shall also state the portion thereof fairly applicable to the particular item covered by the entry. When any item of capital is withdrawn from service the date of withdrawal shall be included in the withdrawal entry relating to such item.

NOTE A.—In the case of continuous structures like electric lines, gas mains, etc., the record shall be itemized to the extent that no item shall contain more than one operating division or section or more than one type of construction. The entry for any item shall so specify the principal physical characteristics (such as size, weight, type, etc.) of the chief constituent parts of the item, together with location, that identification may be assured.

NOTE B.—The date when an item of fixed capital is placed in service may, if preferred, be kept in the engineering records.

17. Work Orders Required for Changes in Fixed Capital.—Each extension, improvement, retirement or other change in the property of a gas corporation shall be covered by a "work order" (or "job order") definitely designated by number, name, or other distinguishing mark, issued by the officer having jurisdiction in such matters. Such work order shall describe in detail the ownership, character and location of the work to be undertaken, state the approximate dates of commencement and completion, and bear reference to (a) the authorization under which it is undertaken, (b) the detailed estimates of its cost, and (c) maps, profiles, plans, diagrams, specifications, files, etc., applicable to the work. All work orders and supporting records shall be preserved during the existence of the property to which they relate and shall be so filed as to be conveniently accessible for examination. * * * Where a betterment, substitution, replacement or retirement of property is involved, the work order shall show the date of installation of the property enlarged, improved, replaced or withdrawn, and shall cite by name and page of book the accounting and engineering records covering such installation. If a work-order system was in use at the time such property was installed, the work order covering the withdrawal of such property shall cite the work order under which it was installed, as well as the original cost at which such property was charged in capital account on the books of the corporation. * * * When work involves more than one capital account as defined in the Uniform System of Accounts for Gas Corporations, a separate work order shall be issued for the work chargeable to each account. The corporation may in exceptional cases issue a work order covering more than one account, provided that such fact is stated in the work order, and provided that the estimated cost is so prepared that details of labor, material, apparatus, references, etc., as required above, shall be available for the part of the work which is chargeable to each account.

* * * A copy of each work order, or a list of such orders, shall be filed with the Commission within one week from the time of issuance.

NOTE.—Fixed capital charges for regularly recurring work, such as setting meters, running services or other similar projects, the individual cost of which does not exceed \$250, may be covered by standing orders. A monthly report shall be filed with the Commission showing the number and total cost of units installed under each standing order.

18. Balance Sheet Accounts for Work in Progress.—The work or job orders shall accumulate current charges for labor and material applied to the particular job or project until its completion in such wise as to show the total cost of each completed project. The aggregate amount of such charges on all open work orders shall be 2471 carried in a suspense account designated "Work in Progress" until transfer can properly be made to the permanent accounts; provided, however, (1) that the cost of additions shall be carried until the completion of the work in a fixed capital account to be designated "Unfinished Construction," and (2) that the cost of work involving the removal or retirement of any fixed capital shall not be carried in suspense beyond the end of the next succeeding fiscal year without the permission of the Commission, and (3) that the cost of repair work shall not be carried in suspense beyond the end of the current fiscal year.

NOTE A.—If at the beginning of a job involving the replacement or retirement of any fixed capital, the accounting corporation shall make full credits therefor to capital account, the cost of installing new property in substitution or replacement may be carried in the fixed capital account "Unfinished Construction."

NOTE B.—Requirement of the use of the above-mentioned clearing accounts "Work in Progress" and "Unfinished Construction" will be suspended in the case of a company which satisfies the Commission that the system which it has in use for recording construction expenditures produces similar results in respect of the following essential matters:

- (1) Complete identification of expenditures with property.
- (2) A clear statement of the total cost of each job or project.
- (3) The exclusion from the fixed capital account of all duplications (replacements) arising out of reconstruction work.

In case these conditions are met and the clearing accounts are not used, all debits or credits to fixed capital accounts shall be contemporaneously spread over the authorizations or orders to which they relate and the fact established at usual accounting intervals that the respective totals are in agreement.

NOTE C.—The accumulated charges on standing work orders for regularly recurring work, such as the setting of meters, running services, etc., shall be closed out monthly to the permanent account.

19. Costs of New Capital to be Actual Money Costs.—All charges made to capital or other accounts on or after January 1, 1909, shall be the actual money cost of the things in respect of which they are made. When the consideration actually given for the thing in respect of which a charge to a capital account is made is anything other than money, the actual consideration shall be described in the entry with sufficient fullness and particularity to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

20. Discounts Upon Securities Not to be Charged to Capital Accounts.—Discounts upon securities and other commercial paper issued in payment for capital are to be provided for in other accounts and must in no case be charged to the capital accounts.

21. Costs of Labor, Materials and Supplies.—Cost of labor (employed in construction) includes not only wages, salaries, and fees paid employees, but also such personal expenses of employees as are borne by the corporation. Cost of material and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense.

22. Improvements on Leased Property.—In the case of leases where substantially the full benefit of improvements will be obtained by the lessee, the cost of additions to and betterments of leased property should be charged to a sub-account under the appropriate fixed capital account, and depreciation and retirements in connection therewith treated in the same manner as on company-owned property. In case the full benefit of improvements will not be obtained by the lessee because of reversion to the lessor at the expiration of the lease, the cost of improvements should be charged to suspense and cleared by uniform charges to rent deductions within the period of the lease. Ordinary current repairs, including minor rearrangements and changes in connection with leased buildings, should be charged to the appropriate maintenance accounts. Expenditures charged to lessors or for which lessors are required under the leasehold agreement to reimburse the lessee prior to the termination of the lease should not be charged to the fixed capital accounts of the lessee.

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COMPLAINANT'S EXHIBIT 50.

Comp. Ex. 50. J. A. I.

N. Y. & Q. G. Co., No. 1.

Any amendment to this Schedule will be made by issuing a new or revised individual sheet or sheets, filed to become effective as noted thereon.

New York & Queens Gas Company,

88 Main Street,

Flushing, N. Y.

Schedule applies to the Third Ward, Borough of Queens, City of New York.

Issued on thirty days' notice to the Public Service Commission under order of the Public Service Commission for the First District, State of New York, in Case No. 2330 of date September 17, 1918.

Issued October 9th, 1918.

Posted October 9th, 1918.

Effective November 8th, 1918.

Issued by Maynard H. Spear, Secretary and Genl. Manager, 88 Main Street, Flushing, N. Y.

474 N. Y. & Queens G. Co. No. 1.

New York & Queens Gas Company.

88 Main Street,

Flushing, N. Y.

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Dated of Issue, October 9, 1918.

Date Effective, Nov. 8, 1918.

Under order of the Public Service Commission for the First Dis-
trict, State of New York, in Case No. 2330, of date September 17,
1918, by Maynard H. Spear, Secretary and General Manager, 88
Main Street, Flushing, Borough of Queens, New York.

New York & Queens Gas Company.

88 Main Street,

Flushing, N. Y.

1st Revised Sheet #1, Cancelling Original Sheet #1.

Effective November 8, 1918.

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Sheet No.

Preliminary Statement as to Service.....	
Rate A—For all consumers (1st revised sheet, effective Jan. 26, 1919.)	
Terms and Conditions, Rules and Regulations affecting all classes of service (1st revised sheet, page 1, effective January 26, 1919.)	
Copy of application for gas supply.....	
Terms and Conditions upon which Consumers' Deposits are required held and may be withdrawn.....	
Forms for testing meters on consumers' request.....	

Date of Issue, December 27, 1918.

Date Effective Jan. 26, 1919.

Revision made to show changes in sheets 3 and 4 effective the date. Issued by William Raynor, Assistant Secretary, 88 Main Street, Flushing, Borough of Queens, New York.

88 Main Street,

Flushing, N. Y.

Original Sheet No. 2.

Preliminary Statement.

Territory served, such portions of the Third Ward, Borough of Queens, New York City, in which the Company has distribution mains, (Flushing, College Point, Whitestone and Bayside.)

Service to premises located within 100 feet of the Company mains may be obtained by signing an application upon the form used by the Company, and making a deposit if required, as security for the payment of bills.

The rate specified in the schedule is charged for the gas whether same is used for light, heat or power.

Date of Issue, October 9, 1918.

Date Effective, Nov. 8, 1918.

Under order of the Public Service Commission for the First District, State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

2477 New York & Queens Gas Company,

88 Main Street,

Flushing, N. Y.

Original Sheet No. 3.

Rate "A"—General Service.

Available for any consumer of gas, for light, heat or power.

Rate.—One Dollar (\$1.) per thousand (1,000) cubic feet of gas.

Discounts.—None.

Determination of Demand.—No demand rate charged.

Minimum Charge.—None.

Standard Riders.—None.

Term.—Terminable on written notice by either party.

Terms and Conditions.—See Sheet No. 4 for standard terms and conditions.

The above rate was originally effective 1911, by act of legislature, 1906.

Date of Issue, October 9, 1918.

Date Effective, Nov. 8, 1918.

Under order of the Public Service Commission for the First District, State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

2478 New York & Queens Gas Company,

88 Main Street,

Flushing, N. Y.

1st Revised Sheet #3, Cancelling Original Sheet #3.

Effective November 8, 1918.

Rate "A"—General Service.

Available for any consumer of gas, for light, heat or power.

Rate.—The rate is that fixed by statute, what at the time of filing this schedule is One Dollar (\$1) per thousand (1,000) cubic feet of gas, and will continue until the statutory limitation is removed.

Discounts.—None.

Determination of Demand.—No demand rate charged.

Minimum Charge.—None.

Standard Riders.—None.

Terms.—Terminable on written notice by either party.

Terms and Conditions.—See Sheet No. 4 for standard terms and conditions.

The above rate was originally effective 1911, by act of legislature, laws of 1906.

Date of issue, December 27, 1918.

Date effective January 26, 1919.

Revision.—Continues present statutory rate until limitation is removed.

Issued by William Raynor, Assistant Secretary, 88 Main Street, Flushing, Borough of Queens, New York.

2479 New York & Queens Gas Company,

88 Main Street,

Flushing, New York.

Original Sheet No. 4, Page 1.

Terms and Conditions.

Rules and Regulations Applicable to all Contracts.

I. Applicants are required to sign an application for gas to be supplied through ordinary meters. For copy of application see Original Sheet No. 5.

II. Service Connection:

A. Where the Company's gas mains are within one hundred (100) feet of the Consumer's building to be supplied and are not separated therefrom by any serious obstacles, service piping will be installed. The Consumer to pay the Company for the cost from the property line to the meter.

III. Meters:

A. Ordinary.—A suitable location must be provided for the Company's ordinary gas meter, such location to be as nearly as practicable to the point of entrance of the Company's service.

B. Prepayment.—Prepayment Meters will be set only in a location approved by the Company.

C. The Company reserves the right to set an ordinary or prepayment meter according to the location provided for the setting of the meter or the character of the premises to be supplied.

D. The Consumer must not disconnect or in any way interfere with the meter, or its action.

E. Meters will be tested at request of the Consumer by the Public Service Commission or to the Gas Company. See P. S. C. Form and Company's Form, Original Sheet No. 7.

IV. Liability:

A. Bills will be rendered for gas supplied through a meter approved by the Company.

B. The Consumer must protect the Company's property on his premises, from frost or injury and be responsible for and make good to the Company any damage thereto. In the case of a Prepayment meter, the consumer is responsible for all gas consumed and must pay upon demand all amounts found short in the money box, as indicated by the index of the meter.

C. The Company shall not be liable for any injury caused by an explosion, or otherwise, except as the result of its own negligence or of the negligence of an employee in the due performance of his duties as such.

Date of issue, October 9, 1918.

Date effective, Nov. 8, 1918.

Under order of the Public Service Commission for the First District, State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

450 New York & Queens Gas Company,
88 Main Street,
Flushing, N. Y.

1st Revised Sheet #4, Page 1, Cancelling Original Sheet #4,
Page 1.

Effective November 8, 1918.

Terms and Conditions.

Rules and Regulations Applicable to all Contracts.

I. Applicants are required to sign an application for gas to be supplied through ordinary meters. For copy of application see Original Sheet No. 5.

II. Service Connection:

A. Upon the application in writing of the owner or occupant of any building or premises within 100 feet of any main laid down

by the Company and payment by him of all money due by him to the Company, the Company will supply gas as may be required for such building or premises, and provided the required deposit shall have been made as provided by law; and provided further that the ground in which such pipe is required to be laid shall not be frozen or other serious obstacles to laying the same shall be presented, and provided further that applicants, if required, shall deposit in advance with the Company, a sum of money sufficient to pay the cost of his portion of the pipe to be laid and the expense of laying such portion.

III. Meters:

A. Ordinary.—A suitable location must be provided for the Company's ordinary gas meters, such location to be nearly as practicable to the point of entrance of the Company's service.

B. Prepayment.—Prepayment Meters will be set only in a location approved by the Company.

C. The Company reserves the right to set an ordinary or prepayment meter according to the location provided for the setting of the meter or the character of the premises to be supplied.

D. The Consumer must not disconnect or in anyway interfere with the meter, or its action.

E. Meters will be tested at request of the Consumer to the Public Service Commission or to the Gas Company. See P. S. C. Form and Company's Form. Original Sheet No. 7.

IV. Liability:

A. Bills will be rendered for gas supplied through a meter approved by the Company.

B. The Consumer must protect the Company's property on his premises, from frost or injury and be responsible for and make good to the Company any damage thereto. In the case of a Prepayment Meter, the consumer is responsible for all gas consumed and must pay upon demand all amounts found short in the money box, as indicated by the index of the meter.

C. The Company shall not be liable for any injury caused by an explosion, or otherwise, except as the result of its own negligence or of the negligence of an employee in the due performance of his duties as such.

Date of issue, December 27, 1918.

Date effective, January 26, 1919

Revision.—Made to conform to Article VII Transportations Corporation Law.

Issued by William Raynor, Assistant Secretary, 88 Main Street, Flushing, Borough of Queens, New York.

New York & Queens Gas Company,
88 Main Street,
Flushing, N. Y.

Original Sheet No. 4, Page 2.

Terms and Conditions (Contd.).

IV. D. The Consumer should notify the Company immediately upon interruption in the Supply of gas.

V. Leakage:

The consumer must notify the Company immediately of the discovery of any gas leakage.

VI. Access to Company's Property:

The Company is entitled to access to its property upon the Consumer's premises between the hours of 8 A. M. and 6 P. M. Every employee of the Company who is authorized by it to enter the Consumer's premises for the purpose of inspecting, reading, testing meters, collecting gas bills, etc., is supplied with a badge to identify as an employee of the Company.

VII. Deposits:

A deposit of an amount equal to the estimated consumption of the gas for two calendar months will be required of the Consumer, unless waived upon satisfactory reference being furnished. The Company reserves the right, however, to require a deposit at any time. For copy of "Terms and Conditions upon which Consumers' Deposits are Required, Held and May Be Withdrawn" see Original Sheet No. 6.

VIII. Payment of Bills:

A. Meters are read and bills presented monthly by mail or by hand at the address where the service is rendered, or at the address designated by the Consumer, or at the last known address of the Consumer. The Company reserves the right to read meters and render bills weekly. All bills are due and payable upon presentation and if not so paid, the Company will discontinue the supply of gas. Any notice to the Company shall be delivered to it in writing at its commercial office.

B. The Company reserves the right to remove a meter if the consumption of gas shall be less than 100 cubic feet per month.

Date of issue, October 9, 1918.

Date effective Nov. 8, 1918.

Under order of the Public Service Commission for the First District, State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

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New York & Queens Gas Company,

88 Main Street,

Flushing, N. Y.

Original Sheet No. 4, Page 3.

Terms and Conditions (Contd.).

IX. Estimated Bills:

In case a meter shall cease to register, the gas consumed during the period of non-registration shall be estimated on the basis of the quantity registered immediately before or after such period, or for a corresponding period of the previous year, or on the basis of an average of all, at the option of the Company.

X. Any and all rate schedules, contracts and regulations of this Company that may be effected by orders or amendments thereto issued, by the United States Fuel Administrator, Washington, D. C. or the Federal Fuel Administrator for New York State, or the War Industries Board or other Federal Authority acting under authority of an Executive Order of the President, or in furtherance of the purpose of the Act of Congress, approved August 10, 1917, are hereby modified and amended so as to comply in all respects with such orders and amendments.

Date of Issue, October 9, 1918.

Date Effective Nov. 8, 1918.

Under order of the Public Service Commission for the First District State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

(Here follow reproductions of original sheets, 5, 6, and 7, marked pages 2483, 2484, and 2485.)

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New York & Queens Gas Company,
88 Main Street,
Flushing, New York.

Original Sheet No. 5.

APPLICATION FOR GAS SUPPLY.

Form 1 Jan. 9 17

Ed. Fdn
TOWN

NAME

No. Flushing, N. Y. 191

TO THE NEW YORK & QUEENS GAS CO.

The subscriber wishes to be supplied with Gas in the premises

No. floor on the usual terms of the
Company, as printed on the back of this application, and will pay for the same
as charged by the Company at a rate not to exceed the price
per thousand cubic feet authorized by law, on delivery of the bill by the collector, or
otherwise until three days after written notice is given at the Company's office to
discontinue the supply.

Witness

Sign first name in full

Deposit \$ Will party use
Receipt No. Gas Meter?
Received by: Water Heater?
Is House Piped?
Are Fixtures up?

Send Bills to
Business Address
Business

Used N. Y. & Q. Gas at

Date of Issue, October 9, 1918

Date Effective, Nov. 8, 1918.

Under order of the Public Service Commission for the First District,
State of New York, in Case No. 2330, of date September 17, 1918, by
Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing.
Borough of Queens, New York.

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New York & Queens Gas Company,
88 Main Street,
Flushing, New York.

Original Sheet No. 6.

TERMS AND CONDITIONS UPON WHICH

CONSUMERS' DEPOSITS ARE REQUIRED, HELD AND MAY

BE WITHDRAWN.

TERMS AND CONDITIONS UPON WHICH CONSUMERS' DEPOSITS ARE

NEW YORK & QUEENS GAS COMPANY

Section 63 of the Transportation Corporations Law:
Deposit of Money May Be Required. Every gas light and electric light corporation may require every person to whom such corporation shall supply gas or electric light for lighting any building, room or premises to deposit with such corporation a reasonable sum of money according to the number and size of lights used or required, or proposed to be used, for two calendar months, by such person, and the quantity of gas and electric light necessary to supply the same, as security for the payment of the gas and electric light rent or compensation for gas consumed, or rent of pipe or wire and fixtures, to become due to the corporation, but every corporation shall allow and pay to every such depositor legal interest on the sum deposited for the time his deposit shall remain with the corporation.
Extract from an order adopted by the Public Service Commission for the First District in Case No. 1806, June 15, 1915. Prescribing Regulations and Practices respecting Consumers' Deposits:
"4. To allow and to pay to every depositor legal interest (at present six per cent. (6%) per annum) on the deposit for the time it shall remain with the corporation.
5. To render to each depositor, when his deposit with accrued interest thereon is applied to unpaid bills or refunded, a statement showing (a) the bills in arrears and unpaid and the amount thereof; (b) the amount of the deposit, and the accrued interest thereon; (c) the interest amounts paid or credited, if any, and date of such payments or credits; and (d) the balance of the bills remaining unpaid or the balance remaining to the depositor's credit, as the case may be.
6. To allow each depositor when he ceases to be a consumer to withdraw his deposit and all accrued interest thereon, or the balance thereof after payment of all bills for which the deposit is security. Where change of residence, or of location of service, is not to be deemed of itself to be such cessation or ground for requiring a new deposit.
7. To make diligent efforts to locate each depositor who has ceased or due, and inform him of his balance and how it may be withdrawn.
8. To issue to every person from whom, on and after August 1, 1915, a deposit may be received, a certificate of deposit. There shall be printed on the face of said certificate in a conspicuous manner the following:

THIS RECEIPT IS NOT NEGOTIABLE OR TRANSFERABLE.

Legal interest (6 per cent. per annum at present) is allowed on deposits for the time the deposits remain with the corporation. Deposit with accrued interest will be repaid when the consumer's account is closed, and all indebtedness to the corporation for gas is paid.

9. To keep on hand, for distribution to its customers, printed circulars, over its corporate or business name, such circulars to be entitled "TERMS AND CONDITIONS UPON WHICH CONSUMERS' DEPOSITS ARE REQUIRED, HELD AND MAY BE WITHDRAWN," and to contain under said title (a) the provisions in full of Section 63 of the Transportation Corporations Law (Chapter 219, Laws of 1909); (b) the text of the said circular, and every such corporation shall, on or before the 1st day of August, 1915, provide each consumer having a deposit with a copy of said circular, and every such corporation shall thereafter, prior to exacting a deposit present a copy of said circular to the consumer or applicant for service from whom a deposit is demanded.
10. To provide reasonable ways and means whereby a depositor, who makes application for the return of his deposit or any balance to which he is entitled, but who is unable to produce the original certificate of deposit, or receipt, may not be deprived of his deposit or balance."

NEW YORK & QUEENS GAS COMPANY
88 MAIN ST., FLUSHING, N. Y.

Date of Issue, October 9, 1918

Date Effective, Nov. 8, 1918

Under order of the Public Service Commission for the First District, State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

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New York & Queens Gas Company,
88 Main Street,
Flushing, New York.

Original Sheet No. 7.

FORMS FOR TESTING METERS ON CONSUMERS REQUEST.

3120

312

New York & Queens Gas Company

88 MAIN STREET

ed Folio

Flushing, N. Y.

191

Led

Folio

fr.

To New York & Queens Gas Company

88 Main Street, Flushing, N. Y.

IR.

Receipt is acknowledged of your complaint involving the question of the accuracy of the meter on your premises. If you desire this company to test the meter for accuracy of registration, please sign the attached application and return it within ten days. If, however, you desire to have your meter officially tested, application should be made promptly to the Public Service Commission for the First District at its office, 154 Nassau Street, New York City. The Commission will make such a test upon the payment of a small fee to cover the actual cost. This fee will be returned to you and collected from the company if the test of the meter discloses that the percentage of inaccuracy equals or exceeds two per cent. to your prejudice. If the meter is found to register slow or less than two per cent. fast, this fee will be retained by the Commission.

NEW YORK & QUEENS GAS COMPANY

Per

(Signature of Complainant)

Date of Issue, October 9, 1918

Date Effective, Nov. 8, 1918

Under order of the Public Service Commission for the First District, State of New York, in Case No. 2330, of date September 17, 1918, by Maynard H. Spear, Secretary and General Manager, 88 Main Street, Flushing, Borough of Queens, New York.

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COMPLAINANT'S EXHIBIT 51.

COMPLAINANT'S EXHIBIT 51 FOR IDENTIFICATION.

(Copy.)

Moderate Price Dwellings.

Telephone 299-J, Flushing.

P. J. O'Connor,

Builder,

Forty-eight Central Avenue,

Flushing, N. Y.

New York & Queens Gas Company,
88 Main Street,
Flushing, N. Y.

GENTLEMEN:

In relation to replacements of Buildings at Plant at Works on Myrtle Avenue:

Superintendent's Cottage, frame construction about 20' x 30', two story, attic and cellar, bath and steam heat, would cost at this time about Five thousand six hundred dollars (\$5,600.00).

Office Building, Brick construction about 25' x 30', two story and basement with addition of frame construction about 18' x 25' one story, would cost to replace at this time about Ten thousand four hundred dollars (\$10,400.00).

Trusting that the above will be satisfactory, I am,

Yours very truly,

P. J. O'CONNOR.

COMPLAINANT'S EXHIBIT #52.

General Ledger #4 of Complainant Company.
Not printed.

COMPLAINANT'S EXHIBIT #53.

Journal #5 of Complainant Company.
Not printed.

COMPLAINANT'S EXHIBIT #54.

Operating Expense Ledger #2 of Complainant Company.
Not printed.

COMPLAINANT'S EXHIBIT #55.

Accounts Payable Ledger of Complainant Company.
Not printed.

COMPLAINANT'S EXHIBIT #56

General Cash Ledger #3 of Complainant Company.
Not printed.

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COMPLAINANT'S EXHIBIT 57.

Complts. Ex. 57. E. C. S. 4/30/20.

Tribune Building, 154 Nassau Street,

Borough of Manhattan, City of New York.

STATE OF NEW YORK:

Public Service Commission for the First District.

In the Matter of the Form of Report to be Filed by Gas and Electric Corporations Subject to the Jurisdiction of the Public Service Commission for the First District in Accordance with Section 66 of the Public Service Commissions Law.

Order No. 728.

The Public Service Commission for the First District being authorized and required by Section 66 of the Public Service Commissions Law to prescribe the form of report required under said Act to be made by gas and electrical corporations subject to its jurisdiction;

It is hereby

Ordered: That the form for reports of all gas and electrical corporations subject to the jurisdiction of the Commission, as the terms are defined in Section 2 of the Public Service Commissions Law, for the six months ending December 31, 1907, as the said form has been prepared by the Chief Statistician of the Commission be and the same hereby is approved and prescribed by the Public Service Commission for the First District; and it is further

Ordered: That every such corporation shall on or before October 31, 1908, make and file with the Commission a report in said form for the six months ending December 31, 1907; and it is further

Ordered: That the Secretary of this Commission serve upon each of the said corporations on or before September 30, 1908, in the manner prescribed by law a certified copy of this order, and two copies of the form hereby prescribed.

January 1, 1911.

Gas works, Classification.	No. of men.	Rate, cents per hour.
Engineers	1	29 2/12¢
"¢
"¢
Gas Makers	1	22 11/12¢
"
Firemen	1	20 ¢
"	1	17 11/12¢
Gen. Firemen
Coal Passers
"
Laborers	4	16 ² / ₃ ¢
"	6	20 ¢
"
"

COMPLAINANT'S EXHIBIT 58.

Comp. Ex. 58. J. A. F.

Sheet #1.

Wages Paid by the New York & Queens Gas Company, 1911-1920.

Compiled from the Pay Rolls of the Company.

January 1, 1914.		January 1, 1918.		January 1, 1919.		April 15, 1920.	
No. of men.	Rate, cents per hour.	No. of men.	Rate, cents per hour.	No. of men.	Rate, cents per hour.	No. of men.	Rate, cents per hour.
1	33 2/11¢	1	44 4/9¢	1	50 ¢	1	63 ¢
..	1	33 1/3 ¢	2	47 2/3 ¢	1	66 ¢
..	1	30 5/9¢¢	1	56 ¢
1	27 3/11¢	2	36 2/3 ¢	2	44 4/9¢	2	59 ¢
..	1	56 ¢
1	25 ¢	2	30 5/9¢	4	38 8/9¢	3	56 ¢
1	20 5/11¢
..	3	56 ¢
..
..	2	50 ¢
3	19 1/11¢	6	27 7/9¢	6	36 1/9¢	3	50 ¢
2	20 5/11¢	3	33 1/3 ¢
5	18 2/11¢	3	38 8/9¢
..	1	44 4/9¢

Wages Paid by the New

Compiled from

Recapitulation—Per

	Year.	No. of men.	Max
Gas Works.			
Jan.	1911.....	16	6
	1914.....	15	8
	1918.....	18	6
	1919.....	32	6
April 15, 1920.....		21	6
Shop Department.			
Jan.	1911.....	15	6
	1914.....	23	8
	1918.....	24	4
	1919.....	14	4
April 15, 1920.....		24	6
Mains & Service Department.			
Jan.	1911.....	5	4
	1914.....	4	4
	1918.....	4	5
	1919.....	6	5
April 15, 1920.....		9	8
			Percentages of
Jan.	1911.....	36	4
	1914.....	42	4
	1918.....	46	5
	1919.....	52	6
April 15, 1920.....		54	8

NOTE.—In the Manufacturing, Shop and Mains and Service Departments the straight time rate and went into effect in August, 1919.

Sheet #2.

id by the New York & Queens Gas Company, 1911-1920.

Compiled from the Pay Rolls of the Company.

itulation—Percentages of Increase—By Departments.

men.	Maximum rate.	Minimum rate.	Average rate.	Increase in average rates of pay per hour.	
				Between Jan., 1914, and April 15, 1920.	Between Jan., 1911, and April 15, 1920.
6	29.1¢	13.1¢	19.1¢		
5	33.1¢	15.1¢	20.7¢		
8	44.4¢	18.5¢	29.7¢		
2	62.5¢	22.7¢	39.7¢		
1	66 ¢	42 ¢	54.6¢	163.76%	185.86%
5	27.5¢	15 ¢	21.6¢		
3	36.1¢	16.6¢	25.5¢		
4	42.8¢	18.3¢	30.7¢		
4	47 ¢	25 ¢	33.4¢		
4	67 ¢	34.6¢	48.9¢	91.76%	126.38%
5	40 ¢	17.5¢	25 ¢		
4	44.5¢	22.2¢	31.9¢		
4	50 ¢	30.6¢	37.5¢		
6	55.6¢	36.1¢	44.3¢		
9	80.9¢	70.6¢	74.3¢	133.54%	197.20%

Percentages of Wage Increase—All Departments.

6	40 ¢	13.1¢	21 ¢		
2	44.5¢	15.1¢	24.4¢		
6	50 ¢	18.3¢	30.9¢		
2	62.8¢	22.7¢	38.5¢		
4	80.9¢	34.5¢	55.3¢	126.63%	163.33%

vice Departments, the wage rates for overtime, Holiday and Sunday work are one and one half (1½) times the

New York & Queens Gas Company.

Comparison of Unit Costs of Coal and Oil Received by the New York & Queens Gas Company for the Years 1911, 1914, 1915, 1916, 1917, 1918, 1919, 3 Mos. 1920.

Data Taken from Original Bills and Vouchers.

Generator Coal.

[illegible]

Boiler Coal.

[illegible]

Gas Oil.

Year.	Gallons.	Cost.		Per cent increase over.				1911.	
		Amount.	Per gallon.					1914.	
1911.....	873,883	\$26,216.49	\$.0300					22%*	3%
1914.....	1,053,944	41,740.40	.0396					0	3%
1915.....	1,243,574	38,426.43	.0309					1916.	3%
1916.....	1,231,199	38,044.05	.0309					66%	71%
1917.....	1,314,370	67,558.63	.0514			1917.	32%	119%	126%
1918.....	1,542,945	104,715.26	.06786			1918.	30%	116%	123%
1919.....	1,640,330	109,607.11	.06682		1919.	9%	7.3%*	116%	84%
To March 1920.....	478,347	34,839.45	.072833				41.7%	136%	143%

*In red.

COMPLAINANT'S EXHIBIT 60.

Comparison of Prices Paid for Materials by the New York & Queens Gas Company from 1914 to 1919, Inclusive.

Data Compiled from Original Vouchers.

	1914.		1915.		1916.		1917.		1918.		1919.	
	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.
Steel Pipe— $\frac{3}{4}$ " to 3" per foot.....	(List) Less 70/10/10%	Less 53/10/10%	Less 73%	Less 64%	Less 80.31/5%	Less 72.31/5%	Less 63%	Less 30/5%	Less 40/5%	Less 37/5%	Less 55.8/5/2 $\frac{1}{2}$ %	Less 34/5%
Iron Oxide—Sponge per bushel.....	\$.135	\$.135	\$.14	\$.14	\$.14	\$.14	\$.14	\$.18	\$.18	\$.18	\$.27	\$.32
Red Lead—Atlantic " pound.....	.10	.10	.0475	.0475	.0775	.0775	.14	.15	.15	.15	.13	.19
White Lead " ".....	.08	.08	.08	.0928	.0775	.105	.0975	.14	.1152	.127	.13	.144
Linseed Oil—Boiled " gallon.....	.56	.70	.70	.70	.60	.77	1.04	1.33	1.78	1.78
Cast Iron Pipe—A. G. I. Std. per Net Ton.....	20.25	20.25	31.00	31.00	32.50	32.50	50.00	63.00
Cast Iron Fittings—A. G. I. Std. per pound.....	.0275	.0275	.0275	.0275	.0325	.0375	.035	.055	.055	.055	.055	.087
Iron Bars " ".....	.04	.05	.04	.05	.05	.07	.07	.08	.08	.08	.08	.09
Checkerbrick " M pieces.....	24.50	24.50	24.10	24.10	24.00	28.60	40.65	40.65	58.15	58.15	51.50	62.40
Portland Cement (4 bags to Bbl.) " barrel.....	1.90	2.00	1.60	1.90	1.60	1.90	1.90	2.50	2.50	2.80	3.20	3.65
Malleable Iron Fittings " pound.....	(List) Less 65/21 $\frac{1}{2}$ %	Less 50/5%	Less 43.5%	Less 85%	Less 70/5%	Less 63 $\frac{1}{2}$ %	Less 47 $\frac{1}{2}$ /5%	Less 30/5%	Plus 5%	Plus 15-5%	Less 2/10%	Plus 12 $\frac{1}{2}$ %
Gas Meters—5 lt. Ordinary Each.....	5.35	5.35	5.35	5.70	5.70	6.33	6.33	6.33	9.60	9.60
Cylinder Oil per gallon.....	.21	.21	.21	.21	.25	.25	.25	.27	.36	.36	.405	.405
Engine Oil " ".....	.18	.18	.18	.18	.25	.25	.25	.252	.306	.306	.342	.342
Brooms " dozen.....	4.00	4.00	4.50	4.50	6.50	7.75	9.50	13.00	9.00	9.00
1 16" Flax packing " pound.....	.60	.60	.60	.60	.60	.60	.60	.60	.63	.63	.63	.63
Boiler Compound " ".....	.045	.04510	.20	.25	.25	.30	.315

COMPLAINANT'S EXHIBIT 61.

Comparison of Prices Paid for Materials by the New York & Queens Gas Company from 1914 to 1919, Inclusive.

Data Compiled from Original Vouchers.

		1914.		1919.		Increase in 1919 over 1914.	
		Lowest.	Highest.	Lowest.	Highest.	Lowest.	Highest.
Steel Pipe— $\frac{3}{4}$ " to 3"	per foot	(List) Less 70/10/10%	Less 53/10/10%	Less 55.8 5/2 1/2%	Less 34/5%	68.63%	194.11%
Iron Oxide—Sponge	per bushel	\$.135	\$.135	\$.27	\$.32	100%	137.03%
Red Lead—Atlantic	per pound10	.10	.13	.19	30%	90%
White Lead— "	" "08	.08	.13	.144	62.50%	80%
Linseed Oil—Boiled	" gallon56	.70	1.78	1.78	217.85%	154.28%
Cast Iron Pipe—A. G. I. Std.	" net ton	20.25	20.25	50.00	63.00	146.91%	211.11%
Cast Iron Fittings—A. G. I. Std.	" pound0275	.0275	.055	.087	100%	216.36%
Iron Bars	" "04	.05	.08	.09	100%	80%
Checkerbrick	" M pieces	24.50	24.50	51.50	62.40	110.20%	154.69%
Portland Cement (4 bags to Bbl.)	" barrel	1.90	2.00	3.20	3.65	168.42%	132.50%
Malleable Iron Fittings	" pound	(List) Less 65/2 1/2%	Less 50.5%	Less 2.10%	Plus 12 1/2%	158.46%	136.83%
Gas Meters—5 ft. Ordinary	Each	5.35	5.35	9.60	9.60	79.43%	79.43%
Cylinder Oil	per gallon21	.21	.405	.405	92.85%	92.85%
Engine Oil	" "18	.18	.342	.342	90%	90%
Brooms	" dozen	4.00	4.00	9.00	9.00	125%	125%
1 16" Flax packing	" pound60	.60	.63	.63	5%	5%
Boiler compound	" "045	.045	.30	.315	566.66%	600%

Comp. Ex. 61. J. A. F.



STATE OF NEW YORK,
County of New York, ss:

I, James B. Walker, Secretary of the Public Service Commission for the First District, Do Hereby Certify, that I have compared the above with the original approved by said Commission on September 22, 1908, and that it is a correct transcript therefrom and of the whole of the original.

In Testimony Whereof, I have hereunto subscribed my hand and affixed the seal of the Commission, this 28th day of April, 1920.

[Seal of Public Service Commission for the First District.]

JAMES B. WALKER,
Secretary.

Here follow Complainant's Exhibits Nos. 58, 59, 60, and 61,
marked pages 2489 to 2493, inclusive.)

1568

C. D. NEWTON ET AL. VS. N. Y. & QUEENS GAS CO.

2494

COMPLAINANT'S EXHIBIT 62.

Comp. Ex. 62. J. A. F.

New York & Queens Gas Company.

List Price of Standard Wrought Iron & Steel Pipe.

	Price per foot.
3/4"	\$.115
1"17
1 1/4"23
1 1/2"275
2"37
2 1/2"55
3"75

* * * * *

List Price of Malleable Iron Fittings.

	Price per pound.
Class B20
Class C13

2495

COMPLAINANT'S EXHIBIT #63.

Various coal and oil vouchers referred to in Complainant's Exhibit #59.

Not printed.

COMPLAINANT'S EXHIBIT 64.

Comp. Ex. 64. C. C. S. 5/5/20.

New York & Queens Gas Company.

Cost of Production and Distribution, Year Ended December 31, 1919.

Patterson, Teale and Dennis, Accountants and Auditors, New York and Boston, # 8566. Copy.

2497

New York & Queens Gas Company.

Cost of Production and Distribution, Year Ended December 31, 1919.

	Quantity.	Unit price.	Amount.	Cost per M cubic foot.	Material per M cubic feet made.
<i>Cost of Production:</i>					
Generator Coal	5,869.37 Tons	\$8.280 Ton	\$48,595.80	\$.1279	34.59 Lb.
Boiler Fuel Coal	2,715.26 Tons	6.472 Ton	17,573.89	.0462	16.00 Lb.
Boiler Fuel Water Gas Tar	266,006 Gals.	.060 Gal.	15,960.36	.0420	.70 Gal.
Labor, Cartage, etc., Handling			9,302.69	.0245	
Total Water Gas Fuel			91,432.74	.2406	
Gas Oil	1,590.785 Gals.	.067 Gal.	107,192.16	.2820	4.19 Gal.
Iron Mass	15,573 Bu.	.301 Bu.	4,690.21	.0123	.04 Bu.
Water	356,500 C. F.	.001 C. F.	356.50	.0009	.94 C. F.
Sundry Supplies			59.61	.0002	
Total Material			203,731.22	.5360	

COMPLAINANT'S EXHIBIT 64—Continued.

	Quantity.	Unit price.	Amount.	Cost per M cubic feet.	Material per M cubic feet made. 70 Gal.
Deduct Residuals—Water Gas Tar	266 225 Gals.	0063 Gal.	15,974.31	.0420	
Net Material			187,756.91	.4940	
Gas Making Labor			23,970.80	.0631	
Total Material and Labor			211,727.71	.5571	
Repair Labor			10,101.99	.0266	
Repair Material			17,843.55	.0469	
Miscellaneous Works Expense			1,503.59	.0039	
Total Water Gas Made & Cost of Production—for ward	380,086,000 C. F.		\$241,176.84	\$.6345	
Decrease in Stock on hand	4,000 C. F.*				
Used by New York & Queens Gas Com- pany	1,933,300 C. F.				
Gas Sales to Consumers	336,241,400 C. F.				
Total	338,170,700 C. F.				
Losses due to Condensation, etc.	41,915,300 C. F. (11.03%)				
	380,086,000 C. F.				

(Continued.)

2498 & 2499

New York & Queens Gas Company.

Cost of Production and Distribution, Year Ended December 31, 1919 (Concluded).

	Amount.	Cost per M cubic feet sold.
Total Cost of Production—Forward	\$241,176.84	\$.7173
Cost of Distribution and Other Expenses:		
Transmission Pumping	449.63	.0013
Distribution Superintendence and Supplies and Expenses	3,708.95	.0110
Meter and Installation Work	4,724.28	.0141
Work on Consumers' Premises	11,996.66	.0357
Repairs of Street Mains	5,697.02	.0169
Repairs of Services	809.35	.0024
Repairs of Meters	4,571.28	.0136
Repairs of Tools	34.50	.0001
Depairs of Gas Appliances	1,918.74	.0057
Commercial Expense	24,982.66	.0743
Salaries—General Office	5,760.78	.0171
Supplies and Expenses—General Office	3,319.33	.0099
Legal Expense	2,997.19	.0089
Claims and Arrears Expense	157.23	.0005
Insurance	3,703.01	.0110
Stable Expense	2,991.49	.0089
Automobile Expense	4,441.32	.0132
Claims for Damages	133.00	.0004
Real Estate Rents Paid	2,075.96	.0062
Stationery and Printing	2,045.44	.0061

COMPLAINANT'S EXHIBIT 64—Continued

	Amount.	Cost per M cubic feet sold.
Undistributed Adjustments	1,262.54	.0038
Uncollectible Bills	1,349.02	.0040
Interest on Consumers' Deposits	1,621.10	.0048
Gas Rate Appeal No. 2	15,518.73	.0462
Defensive Emergency Service	747.46	.0022
Relief Department and Pensions	581.15	.0017
Total Cost of Distribution and Other Expense	107,597.82	.3200
Renewals and Replacements	10,086.41	.0300
Taxes and Interest Thereon	23,794.71	.0707
Total Cost of New York & Queens Gas Company of Gas sold by it	382,655.78	1.1380
Deduct: Income from Sales of Gas	334,614.83	.9951
	48,040.95	.1429
Deduct: Miscellaneous Operating Revenues		
Rent from Gas Appliances	13,839.53	
Gross Profit from Sale of Appliances	8,465.39	
Interest on Bank Balances	308.60	
Interest on Consumers' Final Bills	5.44	
Interest on Main Contracts Deposits	81.10	
	22,700.06	.0675
Net Deficit from Operations	\$25,340.89	\$.0754

2500

COMPLAINANT'S EXHIBIT 65.

Comp. Ex. 65, 5/5/20. G. C. S.

New York & Queens Gas Company.

Revenues and Expenses of the Gas Business of the New York & Queens Gas Company for the Year Ended December 31, 1919.

Patterson, Teele and Dennis,

Accountants and Auditors,

New York and Boston.

#8567.

Copy.

2501

New York & Queens Gas Company.

Revenues & Expenses of the Gas Business of the New York & Queens Gas Company for the Year Ended December 31, 1919.

Revenues.

Sales of Gas.....Schedule 1.. 334,614.83

Miscellaneous Operating Revenues:

Rents from Gas Appliances (440).....	13,839.53
Gross Profit from Sales of Gas Appliances (441)...	8,465.39
Interest on Bank Balances (G902).....	308.60
Interest on Consumers' Final Bills (G902).....	5.44
Interest on Main Contracts Deposits (G902).....	81.10

Total Revenues Applicable to Gas Business....	357,314.89
---	------------

Expenses.

Cost of Production.....Schedule 2..	241,176.84
Cost to Distribute.....Schedule 3..	104,627.70
Uncollectible Gas Bills (G870).....	1,349.02
Interest on Consumers' Deposits.....	1,621.10
Renewals and Replacements (374).....	10,086.41
Taxes and Interest Thereon.....Schedule 4..	23,794.71

Total Expenses.....	382,655.78
Total Revenues.....	357,314.89

Net Loss from Gas Business.....	25,340.89
---------------------------------	-----------

Net Loss per thousand cubic feet of gas sold 7.54 cents

COMPLAINANT'S EXHIBIT 65—Continued.

New York & Queens Gas Company.

Sale of Gas Year Ended December 31, 1919.

2502

General ledger No. 1, folio.	Schedule 1.			
	Cubic feet.	Amount.	Less deductions and allowances	Total.
204 Commercial Metered Lighting @ 1.00	256,432.400	256,432.40	1,235.77	255,196.63
200 Municipal Buildings @ .75	1,554,000	1,165.50	1,165.50
202 Prepayment @ 1.00	78,255,000	78,252.95 25	78,252.70
Totals	336,241,400	335,850.85	1,236.02	334,614.83

Operating
expenses,
ledger
No. 2,
folio

Year Ended December 31, 1919.

Cost of Production.

Schedule 2.

2	Superintendence (601A)	3,086.85
6	Boiler Labor (601B)	7,089.28
10	Generator Labor (601D)	10,760.02
14	Purifier Labor (601E)	1,801.45
18	Miscellaneous Labor (601F)	1,233.20
22	Boiler Fuel (602) see below	20,410.98
26	Water (603)	356.50
30	Generator Fuel (606)	55,061.40
34	Gas Oil (607)	107,192.16
38	Purification Supplies (608)	4,749.82
42	Miscellaneous Works Expense (609)	1,503.59
50	Repairs Works & Station Structures—Labor (610)	636.32
54	Repairs Works & Station Structures—Materials (610)	2,037.86
62	Repairs Power Plant—Material	3,137.88
58	Repairs Power Plant (Boilers, Engs., etc.) Labor	2,529.83
68	Repairs Gas Apparatus (Sets, Holders, etc.) Labor	6,327.79
72	Repairs Gas Apparatus—Materials	12,891.89
80	Repairs Works Tools (615)	383.97
84	Boiler Fuel—Tar (used) (602) see above	15,960.36
		<hr/>
		257,151.15

COMPLAINANT'S EXHIBIT 65—Continued.

Operating
expenses,
ledger
No. 2,
folio

Deduct:	
86 Residuals Produced (cr.)	15,960.36
88 Residuals Produced (Sold) (442)	13.95
	<hr/>
	15,974.31
	<hr/>
Total	241,176.84
	<hr/>

Cost of Production per thousand cubic feet of Gas sold 71.72728 cents.

2504

New York & Queens Gas Company.

Cost to Distribute.

Year Ended December 31, 1919.

Schedule 3.

94 Transmission Pumping (631)	449.63
98 Distribution Superintendence (632)	2,513.02
102 Distribution Supplies and Expenses (633)	1,195.93
108 Gas Meter and Installation (634a)	4,724.28
114 Work on Consumers' Premises (Complaints, Inspectors, Gas Arc. Ins. & M.)	5,478.70
122 Work on Consumers' Premises (Repairing, Appliances	2,880.81
126 Work on Consumers' Premises (Con. & Discn. Appliances B. I. Appliances)	3,637.15
	(634b) {

130	Repairs Gas Mains (G35)	5,697.02
134	Repairs Gas Service (G36)	809.35
138	Repairs Meters (G37)	4,571.28
144	Repairs Distribution Tools (G38)	34.50
148	Repairs Appliances (G39)	1,918.74
156	Commercial Dept.—General Labor (G551a)	3,576.50
160	Commercial Dept.—Accounting (G551b)	5,591.48
164	Commercial Dept.—Contracts (Applications) (G551c)	355.43
166	Commercial Dept.—Collecting—Regular }	4,069.67
172	Commercial Dept.—Collecting—P. P. }	1,866.93
176	Commercial Dept.—Meter Reading (G551e)	2,813.04
181	Commercial Dept.—Supplies & Expenses }	2,769.60
186	Commercial Dept.—Cashier }	982.67
188	Commercial Dept.—Stoves }	355.40
190	Advertising (G553)	429.47
194	Canvassing and Soliciting (G554)	2,172.47
198	Salaries & Expenses of General Office (G833-4)	5,760.78
203	General & Miscellaneous Expenses (G837)	3,553.04
	Less: Interest on Unpaid Taxes	233.71
208	General & Miscellaneous Expenses—Defensive Emergency	3,319.33
212	Rents (G835)	747.46
215	Rate Case (G836)	2,075.96
		15,518.73
	Amount forward	86,315.33

COMPLAINANT'S EXHIBIT 65—Continued.

2505

New York & Queens Gas Company.

Cost to Distribute.

Operating
expenses,
ledger
No. 3,
folio

Year Ended December 31, 1919.

Schedule 3 (Concluded).

	Amount brought forward.	
216 Legal Expense (G836)	86,315.33	
221 Law Expenses connected with claims and arrears (G847a)	2,997.19	
222 Insurance (G838)	157.23	
228 Accidents and Damages (G847)	3,703.01	
230 Stationery and Printing (G848)	133.00	
236 Stable Expense (G851)	2,045.44	
243 Repairs Automobiles (G851)	2,991.49	
250 Undistributed Adjustments (G852)	4,441.32	
254 Relief Dept. and Pensions	1,106.29	
	581.15	

General
ledger,
folio.

298 Bad Debts written off (G38)	156.25
Total	104,627.70

Cost to Distribute, etc., per thousand cubic feet of Gas sold, 31.11684 cents

New York & Queens Gas Company.

Taxes & Interest Thereon.

Year Ended December 31, 1919.

Schedule 4.

New York State Taxes:		
Gross Earnings	1,749.10	
New York City Taxes:		
Special Franchise	7,382.54	
Real Estate of Corporations	28.20	
Real Estate	13,103.16	
U. S. Government Taxes:		
Capital Stock	1,298.00	
Total Taxes applicable to Gas Business.....	<u>23,561.00</u>	23,561.00
Interest on Unpaid Taxes:		
Special Franchise	32.55	
Real Estate	<u>201.16</u>	
Total Interest on Unpaid Taxes Applicable to Gas Business.....		233.71
Total Taxes & Interest on Unpaid Taxes Applicable to Gas Business		<u>23,794.71</u>

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2507 COMPLAINANT'S EXHIBIT #66.

Witness Miller's appraisal of cost of reproduction spread upon record at page 699.

Not printed here.

COMPLAINANT'S EXHIBIT #67.

Various vouchers submitted in connection with complainant's exhibits #60, #61, #62.

Not printed.

COMPLAINANT'S EXHIBIT #68.

Various vouchers other than coal and oil.

Not printed.

2508 (Copy.)

COMPLAINANT'S EXHIBIT 69.

G. B. St. George,
President.

L. V. Bermingham,
Secretary-Treasurer.

St. George Coal Company,
Anthracite and Bituminous,
149 Broadway, New York.
Telephone, Cortlandt 1635.

Anthracite.

D. L. & W. Coal Co.
P. & R. Coal & Iron Co.
Lehigh Valley Coal Sales.

April 9th, 1920. M. H. Spear, April 10, 1920.

(Thought Mr. Addicks would be interested.)

Mr. G. F. Fear, Purchasing Agent,
New York and Queens Gas Company,
88 Main Street, Flushing, L. I.

DEAR SIR:

Referring to your conversation with our Mr. C. A. Anderson relative to your requirements on Broken coal for the coming year, namely 1,000 gross tons, beg to submit the following for your consideration.

We will supply you with Delaware, Lackawanna & Western Coal Company's broken coal from their Scranton region at \$8.00 per gross

f. o. b. Hoboken. The present rate to Flushing is 0.56¢ per gross making a price, per gross ton, of \$8.56 alongside your dock. We will deliver in boatloads of 500 tons or more as specified by you. This price, \$8.00, is subject to any increase given the miners at the conclusion of present negotiations.

Appreciating your courtesy to Mr. Anderson and trusting that we may be favored with an early reply, beg to remain,

Very truly yours,

ST. GEORGE COAL COMPANY.

L. V. BERMINGHAM,

Secretary-Treasurer.

quotations are not binding until orders are accepted by us. Rail-weights govern all sales. We are not responsible for loss of coal route nor for damages from delays of transportation, strikes, or losses beyond our control.

COMPLAINANT'S EXHIBIT #70.

Book containing main record of the Complainant Company.
Not printed.

Copy.

COMPLAINANT'S EXHIBIT 71.

Memorandum of Agreement.

Agreement made this eighteenth day of December, 1918, between Standard Oil Company (New Jersey) party of the first part, and Consolidated Gas Company, party of the second part, Witnesses:

In consideration of the mutuality hereof, it is agreed between the parties hereto as follows:

1. The party of the first part hereby sells and agrees to deliver to the party of the second part (on terms and conditions hereinbefore mentioned) One Hundred and Twenty-two Million (122,000,000) gallons of a homogeneous Gas Oil of not less than 26 degrees gravity, Beaume, and of a quality equivalent for gas-making purposes to similar gravities received by the Gas Company during the year prior to the date of this contract, for consumption in the business of said party of the second part in its various plants in New York City, or the plants of such other Gas Companies as it may designate in the said City, or in Westchester County.

2. The party of the second part hereby purchases One Hundred and Twenty-two Million (122,000,000) gallons of Oil specified above, and agree to receive same within the contract period beginning January 1, 1919, and ending December 31, 1919, subject, however, to an option in the party of the second part, to be exercised by notice in writing to the party of the first part on or before May 1,

1919, to cancel as of June 30, 1919, its obligation to purchase, receive and pay for one-half of said quantity of One Hundred and Twenty-two Million (122,000,000) gallons of Gas Oil, to wit: Sixty one Million (61,000,000) gallons thereof.

2512 3. The price shall be for delivery in the manner, at the points and at the rates, in cents per gallon, respectively stated in paragraph "4" hereof, and payment for all deliveries shall be made in net cash thirty (30) days after date of invoice, or on demand thereafter, with interest at six (6%) per cent.

In the case of tank-boats, delivery shall be at the mouth of the pipe-lines of the party of the second part and in the case of tank-cars, at said second party's railroad siding.

Where delivery is made by tank-boats, the party of the second part shall, at its own expense, furnish power for the operation of the boat's pumps.

Delivery shall be made in fairly equal monthly quantities as the business of the party of the second part shall require, and as it, in writing, shall order; but not less than one tank-boat, or one tank-car load, shall be ordered at any one time, and total deliveries shall not exceed the quantity above specified.

4. —

(A.) For Water Transportation by Tank-Boat.

(Barrels Being 50 Gallons Each.)

	Per gal.
Consolidated Gas Co., E. 21st St. Branch, in lots of not less than 2,000 barrels	7.5721c
Consolidated Gas Co., W. 42nd St. Branch, in lots of not less than 2,000 barrels	7.5824c
Consolidated Gas Co., E. 99th St. Branch, in lots of not less than 2,000 barrels	7.5927c
New Amsterdam Gas Co., Ravenswood, L. I., in lots of not less than 4,000 barrels	7.5824c
Standard Gaslight Co., E. 115th St., in lots of not less than 2,000 barrels	7.5927c
Astoria Light, Ht. & Pwr. Co., Flushing Bay, in lots of not less than 6,000 barrels	7.5927c
Central Union Gas Co., E. 138th St., in lots of not less than 3,000 barrels	7.5927c

2513

New York & Queens Gas Co., Flushing, L. I., in lots of not less than 2,000 barrels	7.7472c
Westchester Lighting Co., Pelham, N. Y., in lots of not less than 2,000 barrels	7.8502c
Westchester Lighting Co., Yonkers, N. Y., in lots of not less than 1,500 barrels	7.7678c

	Per gal.
Westchester Lighting Co., Tarrytown, N. Y., in lots of not less than 1,000 barrels.....	8.0562¢
Peekskill Ltd. & Ry Co., Peekskill, N. Y., in lots of not less than 1,000 barrels.....	8.0562¢
(during the open season of navigation.)	
Northern Westchester Lighting Co., Ossining, N. Y., in lots of not less than 1,430 barrels.....	8.0562¢
(during the open season of navigation.)	

The prices above mentioned are based on the lighterage rates given below plus Government tax of three (3%) per cent. on transportation, and it is mutually agreed that if the lighterage rate or war tax is increased or decreased, the price will be correspondingly adjusted.

Lighterage rates to—	Minimum.	Rate (cents).
Consolidated Gas Co., E. 21st Street.....	2,000	3½
Consolidated Gas Co., West 42nd Street.....	2,000	4
Consolidated Gas Co., East 99th Street.....	2,000	4½
New Amsterdam Gas Co., Ravenswood, L. I.....	4,000	4
Standard Gas Light Co., East 115th Street.....	2,000	4½
Astoria Lt. Heat & Power Co., Flushing Bay.....	6,000	4½
Central Union Gas Co., East 138th Street.....	3,000	4½
New York & Queens Gas Co., Flushing, L. I.....	2,000	12
Westchester Lighting Co., Pelham, N. Y.....	2,000	17
Westchester Lighting Co., Yonkers, N. Y.....	1,500	13
Westchester Lighting Co., Tarrytown, N. Y.....	1,000	27
Peekskill Ltg. & Ry. Co., Peekskill, N. Y.....	1,000	27
Northern Westchester Ltg. Co., Ossining, N. Y.....	1,430	27
(All the above subject to ice conditions.)		

2514 (B.) For Rail Transportation by Tank-Cars.

	Per gal.
Peekskill Ltg. & Ry. Co., Peekskill, N. Y.....	8.5197¢
Northern Westchester Ltg. Co., Ossining, N. Y.....	8.5197¢
Westchester Ltg. Co., White Plains, N. Y.....	8.8936¢
Westchester Ltg. Co., Rye, N. Y.....	8.7916¢

The prices above mentioned are based on the present freight rates from Bayonne, established by existing tariffs, plus Government tax of three (3%) per cent. on transportation, and it is mutually agreed that if the freight or war tax is increased or decreased, the price will be correspondingly adjusted.

5. If the party of the second part finds that it will be unable to take, during the contract period, the entire contract quantity, it shall so notify the party of the first part in writing, if possible, three months prior to December 31, 1919, but not later than De-

ember 1, 1919, and in that event, or if no such notice is given, the party of the first part shall then have the option, to be communicated in writing to the party of the second part on or before the tenth day of December, 1919, of canceling the balance which may remain undelivered at the expiration of the contract period, or of continuing delivering until the entire contract quantity shall have been delivered. In the latter event, the party of the second part shall place orders and the party of the first part shall make deliveries, in like manner as hereinbefore provided in respect of the contract period.

In the event that the party of the second part shall cancel this contract under the provisions of Section "2" hereof, as of June 30, 1919, the said party of the second part shall, notwithstanding such cancellation, purchase and pay for, under the terms of this
 2515 contract, the full amount of Sixty-one Million (61,000,000) gallons of said Gas Oil during the six (6) months period terminating on June 30, 1919; and, in case deliveries in said last named amount shall not have been ordered by the party of the second part, the party of the second part shall continue after June 30, 1919, to place orders in normal quantities and to receive deliveries, and the party of the first part shall make deliveries in like manner as hereinbefore provided in respect of the contract period, until said full amount of Sixty-one Million (61,000,000) gallons shall have been delivered under this contract.

6. The quantities from time to time delivered hereunder shall be measured and invoices rendered and payments made on the basis of the number of gallons certified to have been loaded by a properly authorized New York Produce Exchange Inspector.

7. If, during the life of this Agreement, any internal or war-revenue tax shall be levied by the Federal or any State Government upon the goods covered hereby, or in respect of the production, manufacture, or sale thereof, or, in the case of a delivered price basis, upon the transportation thereof, including freight charges thereon, it is agreed that the amount of such tax shall be added to the purchase price above specified and shall be borne by the party of the second part.

8. All orders shall be filled with reasonable promptness by the party of the first part, but said party of the first part shall not be held responsible for losses resulting, directly or indirectly, from delay, or from failure to deliver, caused by fire, strikes, differences with workmen, riots, insurrection, war, blockade, interference of civil or military authority, compliance with orders of the President of the United States, or other governmental agency, interrup-
 2516 & 2517 tion in transportation, whether by rail or water, of the product above described, or of the crude petroleum from which the same is to be obtained, or from other causes beyond its control.

9. The party of the second part agrees that tank-cars will be unloaded within forty-eight (48) hours (Sundays and holidays excepted) at initial destination, and that for detention of cars beyond

said forty-eight (48) hours it will pay to the party of the first part a per diem charge of One Dollar and Seventy-five cents (\$1.75) per day.

In witness whereof the parties hereto have caused these presents to be duly executed the day and year first written above.

STANDARD OIL COMPANY (NEW JERSEY),

By F. H. BUFORD,

Vice President.

Attest:

C. T. WHITE,

Secretary.

CONSOLIDATED GAS COMPANY OF N. Y.,

By W. R. ADDICKS,

Vice President.

Attest:

F. R. BARNITZ,

Asst. Secretary.

518

COMPLAINANT'S EXHIBIT 72.

Copy.

Comp. Ex. 305. J. A. F.

Comp. Ex. 72. J. A. F.

Complainant's Ex. 72.

Standard Oil Company

(Incorporated in New Jersey),

Domestic Sales Department

26 Broadway.

Dictated

C. K.: K.

T. J. Williams.

New York, January 8, 1919.

Subject. —.

Mr. W. R. Addicks, Vice President,

Consolidated Gas Company of New York,

130 East 15th Street,

New York City.

DEAR SIR:

Please be advised that the lighterage rates on Gas Oil will be increased approximately fifteen per cent., effective February 8, 1919, to meet increasing cost of labor and repairs.

As soon as we learn of the exact figures, we will advise you.

Yours very truly,

T. J. WILLIAMS.

/s/ /K.

2519

Copy.

Standard Oil Company
(Incorporated in New Jersey),
Domestic Sales Department,
26 Broadway.

Dictated,

C. K.: K.

T. J. Williams.

New York, January 16, 1919.

Subject, —.

Mr. W. R. Addicks, Vice President,
Consolidated Gas Company of New York,
130 East 15th Street,
New York City.

DEAR SIR:

Referring to our letter of January 8th, on account of the increased cost of operation, we beg to advise you that the rates for transportation by bulk barge to the following Gas Works from our refineries will be effective February 8, 1919:

Deliveries to—			Minimum.	Rate.
Consolidated Gas Company,	East 21st St.....	1,500	4¢	
“ “ “	“ 99th St.....	2,000	5¼¢	
Standard “ “	“ 115th St.....	2,000	5¼¢	
Central Union “ “	“ 138th St.....	3,000	5¼¢	
New Amsterdam	Ravenswood, L. I....	4,000	4½¢	
N. Y. & Queens Gas Company,	Flushing, L. I.....	2,000	13¾¢	
Astoria Light & Power Co.,	Astoria, L. I.....	6,000	5¼¢	
Westchester Light Company,	Pelham, N. Y.....	2,000	19½¢	
“ “ “	Tarrytown, N. Y....	1,000	31¢	
“ “ “	Yonkers, N. Y.....	1,500	15¢	
Peekskill Lt. & Rwy. Co.,	Peekskill, N. Y.....	1,000	31¢	
Consolidated Gas Company,	West 42nd St.....	2,000	4½¢	
Westchester Light Company,	Ossining, N. Y.....	1,430	31¢	

(All subject to ice conditions.)

Subject to change in rate on thirty days' notice and subject to strikes and interference of Government or other interference beyond our control.

This will make the prices at the various Gas Plants as follows:

		In lots of not less than, bbls.	Rate.
2520	Consolidated Gas Company, East 21st St.....	1,500	7.5824¢
	" " " " 99th St.....	2,000	7.6082¢
	Standard " " " 115th St.....	2,000	7.6082¢
	Central Union " " " 138th St.....	3,000	7.6082¢
	New Amsterdam Ravenswood, L. I.	4,000	7.5927¢
	N. Y. & Queens Gas Company, Flushing, L. I....	2,000	7.7833¢
	Astoria Light & Power Co., Astoria, L. I.....	6,000	7.6082¢
	Westchester Light Company, Pelham, N. Y....	2,000	7.9017¢
	" " " Tarrytown, N. Y..	1,000	8.1386¢
	" " " Yonkers, N. Y....	1,500	7.8090¢
	Peekskill Lt. & Rwy. Co., Peekskill, N. Y....	1,000	8.1386¢
	Consolidated Gas Company, West 42nd St.....	2,000	7.5927¢
	Westchester Light Company, Ossining, N. Y....	1,430	8.1386¢

The prices above mentioned are based on the lighterage rates given in the previous paragraph, plus Government tax of 3% on transportation.

Yours very truly,

T. J. WILLIAMS.
/s./ /K.

Rates O. K. based on the lighterage rates attached plus 7½¢ a gallon.

W. R. A.

1/17/19.

Jan. 20, 1919.

W. R. A.

2521 COMPLAINANT'S EXHIBIT 73.

Copy.

Comp. Ex. 304, Oct. 2/19.

Comp. Ex. 73. J. A. F.

Agreement, Made This Twenty-eighth Day of March, 1919, Between the Standard Oil Company (New Jersey), Party of the First Part, and the Consolidated Gas Company of New York, Party of the Second Part.

Whereas, the parties hereto entered into a contract, dated December 18, 1918, for the purchase and delivery of gas oil during the calendar year 1919 and now desire to modify the said contract in the manner hereinafter specified:

Now, therefore, this agreement witnesseth:

1. The party of the second part hereby surrenders the option to cancel said contract, contained in section 2 of the said agreement.

2. The quantity of oil which the party of the first part sells and agrees to deliver and which the party of the second part purchases and agrees to receive during the period beginning April 1, 1919, and ending December 31, 1919, is eighty-two million (82,000,000) gallons.

3. The price which the party of the first part agrees to charge and the party of the second part agrees to pay for such oil shall be one and one-half cents (1½c) per gallon less than the price specified in Section 4 of the said contract, as modified by letter of T. J. Williams on behalf of the party of the first part, to W. R. Addicks, Vice-President of the party of the second part, dated January 16, 1919, a copy whereof is hereto attached.

4. In all other respects, except as expressly modified by this agreement, the said contract of December 18, 1918, is hereby ratified and confirmed.

252112 In witness whereof, the parties hereto have caused these presents to be duly executed the day and year first above written.

STANDARD OIL COMPANY (NEW JERSEY),
By F. J. BUFORD,
Vice President.

Attest:
C. T. WHITE,
Secretary.

CONSOLIDATED GAS COMPANY OF NEW
YORK,
By W. R. ADDICKS,
Vice President.

Attest:
F. R. BARNITZ,
Asst. Secretary.

Copy.

Standard Oil Company
(Incorporated New Jersey),
Domestic Sales Department,
26 Broadway.

Dictated.

O. K. K.

T. J. Williams.

Mr. W. R. Addicks, Vice President,
Consolidated Gas Company of New York,
130 East 15th Street,
New York City.

New York, January 16, 1919.

Subject, —.

DEAR SIR:

Referring to our letter of January 8th, on account of the increased cost of operation, we beg to advise you that the rates for transportation by bulk barge to the following Gas Works from our refineries will be effective February 8, 1919:

Deliveries to—		Minimum.	Rate.
Consolidated	Gas Company, East 21st St.	1,500	4¢
Standard	" " 99th St.	2,000	5 1/4 ¢
Central Union	" " 115th St.	2,000	5 1/4 ¢
New Amsterdam	" " 138th St.	3,000	5 1/4 ¢
N. Y. & Queens Gas Company, Flushing, L. I.	Ravenswood, L. I.	4,000	4 1/2 ¢
Astoria Light & Power Co., Astoria, L. I.	" "	2,000	13 3/4 ¢
Westchester Light Company, Pelham, N. Y.	" "	6,000	5 1/4 ¢
	" "	2,000	19 1/2 ¢

COMPLAINANT'S EXHIBIT 73—Continued.

Deliveries to—	Minimum.	Rate.
Westchester Light Company, Tarrytown, N. Y.	1,000	31¢
" " " " " " " " " " " "	1,500	31¢
Peekskill L. & Rwy. Co., Peekskill, N. Y.	1,000	31¢
Consolidated Gas Company, West 42nd St.	2,000	41½¢
Westchester Light Company, Ossining, N. Y.	1,430	31¢

(All subject to ice conditions.)

Subject to change in rate on thirty days' notice and subject to strikes and interference of Government or other interference beyond our control.

This will make the prices at the various Gas Plants as follows:

	In lots of not less than, bbls.	Rate.
Consolidated Gas Company, East 21st St.	1,500	7.5824¢
" " " " " " " " " " " "	2,000	7.6082¢
Standard " " " " " " " " " " " "	2,000	7.6082¢
Central Union " " " " " " " " " " " "	3,000	7.6082¢
New Amsterdam " " " " " " " " " " " "	4,000	7.5927¢
N. Y. & Queens Gas Company, Flushing, L. I.	2,000	7.7833¢
Astoria Light & Power Co., Astoria, L. I.	6,000	7.6082¢
Westchester Light Company, Pelham, N. Y.	2,000	7.9017¢
" " " " " " " " " " " "	1,000	8.1386¢
" " " " " " " " " " " "	1,500	7.8090¢
Peekskill L. & Rwy. Co., Peekskill, N. Y.	1,000	8.1386¢
Consolidated Gas Company, West 42nd St.	2,000	7.5927¢
Westchester Light Company, Ossining, N. Y.	1,430	8.1386¢

The prices above mentioned are based on the lighterage rates given in the previous paragraph, plus Government tax of 3% on transportation.

T. J. WILLIAMS.

2524 [Endorsed.] Standard Oil Company (N. Y.) and Consolidated Gas Company of New York. Agreement.

2525

COMPLAINANT'S EXHIBIT 74.

Copy.

Comp. Ex. 74. J. A. F.

Comp. Ex. 488 for Ident.

Memorandum of Agreement.

Agreement made this fourth day of December, 1919 between the Standard Oil Company (New Jersey) party of the first part, and the Consolidated Gas Company of New York, party of the second part, witnesseth:

In consideration of the mutuality hereof, it is agreed between the parties hereto, as follows:

1. Party of the first part hereby sells and agrees to deliver to party of the second part (on the terms and conditions hereinafter mentioned) 67,000,000 gallons of homogeneous gas oil of not less than 28 degrees gravity, Beaume, and of a quality equivalent for gas-making purposes to similar gravities received by the Gas Company during the year prior to the date of this contract, for consumption in the business of said party of the second part in its various plants in New York City, or the plants of such other Gas Companies as it may designate in the said City, or in Westchester County.

2. Party of the second part hereby purchases 67,000,000 gallons of said gas oil above specified and agrees to receive same within the contract period beginning January 1, 1920 and ending June 30, 1920.

Party of the first part hereby extends option to the party of the second part to be exercised by notice in writing to the party of the first part on or before May 31, 1920, to purchase, receive and pay for an additional amount of 67,000,000 gallons of gas oil of the same quality as that above specified and upon the same terms as to price and rate of monthly delivery as are provided with respect to said amount of 67,000,000 gallons specified for the first six months period aforesaid. Said additional quantity of 67,000,000 gallons shall be respectively delivered and received during the period from July 1, 1920 to December 31, 1920, in the event the said option is exercised.

3. The price shall be for delivery in the manner, at the points and at the rates, in cents per gallon, respectively stated in paragraph "4" hereof, and payment for all deliveries shall be made in net cash thirty (30) days after date of invoice, or on demand thereafter, with interest at six (6%) per cent.

In the case of tank-boats, delivery shall be at the mouth of the pipe-lines of the party of the second part and in the case of tank-cars, at said second party's railroad siding.

Where delivery is made by tank-boats, the party of the second

2526

part shall, at its own expense, furnish power for the operation of the boats' pumps.

Delivery shall be made in fairly equal monthly quantities as the business of the party of the second part shall require, and as it, in writing, shall order; but not less than one tank-boat, or one tank-car load, shall be ordered at any one time, and total deliveries shall not exceed the quantity above specified.

4. (A.) For Water Transportation by Tank-boat (Barrels Being 55 Gallons Each).

	Per gall.
Consolidated Gas Co., E. 21st St. Branch, in lots of not less than 1,500 barrels	7.0524
Consolidated Gas Co., W. 42nd St. Branch, in lots of not less than 2,000 barrels	7.0927
Consolidated Gas Co., E. 99th St. Branch, in lots of not less than 2,000 barrels	7.1082
New Amsterdam Gas Co., Ravenswood, L. I., in lots of not less than 4,000 barrels	7.0927
Standard Gaslight Co., E. 115th St., in lots of not less than 2,000 barrels	7.1082
2527 Astoria Light, Ht. & Pwr. Co., Flushing Bay, in lots of not less than 6,000 barrels	7.1082
Central Union Gas Co., E. 138th St., in lots of not less than 3,000 barrels	7.1082
New York & Queens Gas Co., Flushing, L. I., in lots of not less than 2,000 barrels	7.2833
Westchester Lighting Co., Pelham, N. Y., in lots of not less than 2,000 barrels	7.4017
Westchester Lighting Co., Yonkers, N. Y., in lots of not less than 1,500 barrels	7.3090
Westchester Lighting Co., Tarrytown, N. Y., in lots of not less than 1,000 barrels	7.6350
Peekskill Ltg. & Ry. Co., Peekskill, N. Y. (during the open season of navigation), in lots of not less than 1,000 barrels	7.6350
Northern Westchester Lighting Co., Ossining, N. Y. (during the open season of navigation), in lots of not less than 1,430 barrels	7.6350

The prices above mentioned are based on the lighterage rates given below plus Government tax of three (3%) per cent, on transportation, and it is mutually agreed that if the lighterage rate or war tax is increased or decreased, the price will be correspondingly adjusted.

Lighterage rates to—	Bbls. (50 gals. each).	
	Minimum.	Rate (cents).
Consolidated Gas Co., E. 21st Street	1,500	4
Consolidated Gas Co., West 42nd Street	2,000	4½
Consolidated Gas Co., East 99th Street	2,000	5¼
New Amsterdam Gas Co., Ravenswood, L. I. . .	4,000	4½
Standard Gas Light Co., East 115th Street . .	2,000	5¼
Astoria L. Ht. & Power Co., Flushing Bay . .	6,000	5¼
Central Union Gas Co., East 138th Street . . .	3,000	5¼
New York & Queens Gas Co., Flushing, L. I. .	2,000	13¾
Westchester Lighting Co., Pelham, N. Y.	2,000	19½
Westchester Lighting Co., Yonkers, N. Y.	1,500	15
Westchester Lighting Co., Tarrytown, N. Y.	1,000	31
Peekskill Ltg. & Ry. Co., Peekskill, N. Y.	1,000	31
Northern Westchester Ltg. Co., Ossining, N. Y.	1,430	31

(All the above subject to ice conditions.)

(B.) For Rail Transportation by Tank Cars.

	Per gal.
Peekskill Ltg. & Ry. Co., Peekskill, N. Y.	8.0197¢
Northern Westchester Ltg. Co., Ossining, N. Y.	8.0197¢
Westchester Ltg. Co., White Plains, N. Y.	8.3936¢
Westchester Ltg. Co., Rye, N. Y.	8.2916¢

The prices above mentioned are based on the present freight rates from Bayonne, established by existing tariffs, plus Government tax of three (3%) per cent. on transportation, and it is mutually agreed that if the freight or war tax is increased or decreased, the price will be correspondingly adjusted.

5. If the party of the second part finds that it will be unable to take the said 67,000,000 gallons hereby purchased during the contract period of six months terminating June 30, 1920, or in the event the aforesaid option is exercised by the party of the second part and said party of the second part finds that it will be unable to take the said additional quantity of 67,000,000 gallons during the six months' period terminating December 31, 1920, then, in either of said events, said party of the second part shall so notify the party of the first part in writing respectively as to either of said contract quantities, if possible two months prior to the termination of the respective six months' periods but not later than thirty days prior to the termination of the respective six months' periods, if no such notice is given, the party of the first part shall then have the option, to be communicated in writing to the party of the Second part on or be-

fore the tenth day of the last month in the respective months' periods, of cancelling the option which may remain undelivered at the expiration of the contract period, or continuing delivery until the entire contract quantity shall have been delivered. In the latter event the party of the second part shall place orders and the party of the first part shall make deliveries in the manner as hereinbefore provided with respect to the first six months' period, and the second six months' period if said option be exercised.

6. The quantities from time to time delivered hereunder shall be measured and invoices rendered and payments made on the basis of the number of gallons certified to have been loaded by a properly authorized New York Produce Exchange Inspector.

7. If, during the life of this Agreement, any internal or excise revenue tax shall be levied by the Federal or any State Government upon the goods covered hereby, or in respect of the production, manufacture, or sale thereof, or in the case of a delivered price basis, in the transportation thereof, including freight charges thereon, the parties agree that the amount of such tax shall be added to the pure price above specified and shall be borne by the party of the second part.

8. All orders shall be filled with reasonable promptness by the party of the first part, but said party of the first part shall not be held responsible for losses resulting, directly or indirectly, from delay, or from failure to deliver, caused by fire, strikes, differences with workmen, riots, insurrections, war, blockade, interference of civil or military authority, compliance with orders of the President of the United States, or other governmental agency, interruption of transportation, whether by rail or water, of the product above specified, or of the crude petroleum from which the same may be obtained, or from other causes beyond its control.

9. The party of the second part agrees that tank-cars will be loaded within forty-eight (48) hours (Sundays and holidays excepted) at initial destination, and that for detention of cars beyond said forty-eight (48) hours it will pay to the party of the first part a per diem charge of One Dollar and Seventy-five (\$1.75) per car.

In witness whereof the parties hereto have caused these presents to be duly executed the day and year first written above.

STANDARD OIL COMPANY (NEW JERSEY)

By F. D. ASCHE,

Vice-President.

Attest:

C. T. WHITE,

Secretary.

CONSOLIDATED GAS COMPANY OF N. Y.

By W. R. ADDICKS,

Attest:

F. R. BARNITZ,

Asst. Secretary.

331 The prices per gallon, indicated in the attached memorandum of agreement, have been checked and verification made that such prices are in accordance with current lighterage and freight rates, plus the basic rate of seven cents per gallon.

(S.)

J. H. N. ARMSTRONG,

Controller.

December 17, 1919.

332 COMPLAINANT'S EXHIBIT 75.

Complainant's Exhibit 75 for Identification.

Copy.

Warren Oil Company of Pennsylvania,

New York Office.

291 Broadway.

W. R. Glass, Manager.

May 7th, 1920.

(Referred to Mr. Addicks.)

H. F. M.

Consolidated Gas Company,

130 East 15th Str.,

New York, N. Y.

GENTLEMEN:

We offer, subject prior sale, forty (40) tank cars 25/35 Gravity Fuel Oil, at price of $14\frac{1}{2}c$ per gallon, f. o. b. Pennsylvania Refinery. Shipments to begin promptly when railroads will accept, and extend for sixty (60) days.

If interested, kindly advise, to oblige,

Yours very truly,

WARREN OIL COMPANY
OF PENNA.,

(Signed)

By C. R. LINDQUIST.
C. R. LINDQUIST.

C.R.L.C.E.

May 10, 1920.

W. P. A.

Complainant's Ex. 76. G. C. S. 5/11/20.

November 25th, 1919.

The Texas Oil Company,
17 Battery Place,
New York City.

DEAR SIRS:

I would be glad to be informed if you have any gas oil 23°34° Beaume for sale and the price per gallon, furnished in monthly quantities as required from day to day to fulfill the demands of our gas business for the first six months in 1920 and also for the calendar year 1920.

For your information would say that the quantity involved would be in the vicinity of 122,000,000 gallons, ten per cent more or less for a twelve month period and approximately one-half of said amount for a six months' period.

The oil tank storage in the several plants totals 6,976,500 gallons and varies from about 180,000 gals. at some plants to about 2,000,000 gals. at other plants and substantially all oil would have to be delivered in tank boats in the Boroughs of Manhattan, Bronx and Queens and in minimum cargoes of 1500 barrels in some plants, while in others the minimum cargo would be 6,000 barrels.

Your immediate reply will be appreciated.

Very truly yours,

W. R. ADDICKS,
Vice-President.

(Here follows Complainant's Exhibit 77, marked page 2534.)

Comp. Ex. 77. J. A

N. Y. and Queens

*Cost to Manufacture One Million Cubic Feet of Carburetted Water Gas (Daily
for the City of New York)*

	Quantity.	Price.
Generator Coal (Anthracite)	15.18 Gr. Ton @	\$8.44 per Gr. Ton
Boiler Coal (Anthracite) . .	1.34 " "	8.44 " "
Boiler Coal*	8.48 " "	6.20 " "
Labor, Handling, Carting etc.		1.25 " "

Total Cost of Generator and Boiler Fuel

Gas Oil	4,200 Gals.	@ \$.072833 per Gal.
Tar and Drip Oil Credits . .	714 " "	.0425 " "

Net Cost of Oil

Net Cost of Fuel (Coal and Oil)
Iron Oxide, Water and Sundries

Gas Making Labor.

1 Superintendent	\$5.75
1 Clerk	4.00
3 Gas Makers, @ \$4.64	13.92
3 Engineers, @ \$4.93	14.79
2 Boiler Firemen, @ \$4.48	8.96
2 Generator Firemen & Coal Passers, @ \$4.48	8.96
2 Laborers (Purification, etc.), @ \$4.00	8.00
Sunday and Holiday Overtime	2.73

Repair Labor.

2 Mechanics, @ \$5.50	\$11.00
1 Helper, @ \$4.00	4.00
2 Laborers, @ \$4.00	8.00

Repair Material

Miscellaneous Works Expense

Total Cost of Manufacture

Unaccounted for Gas (New York & Queens Gas Company) 10% of Gas Ma
Cost of Manufacture per M Cubic Feet of Gas Sold

*Additional Boiler Fuel used on account of Steam used for High Pressure Transm
Service Commission for First District.

†In red ink in copy.

A. F.

S.

*by Average) of a Quality to Meet the Statutory Requirements
York.*

	Total cost per million.	Material per M cubic feet.	Cost in cents per M cu. ft.
.....	\$128.12	34.00 lbs. per M	12.81 Cts.
\$11.31	63.89	22.00 " "	6.39 "
52.58	31.25	3.13 "
.....	<hr/>	<hr/>
.....	\$223.26	22.33
.....	<hr/>	<hr/>
.....	\$305.90	4.20 Gals. per M	30.59 "
.....	430.35	43.04 "
.....	<hr/>	<hr/>
.....	\$275.55	27.55 "
.....	<hr/>	<hr/>
.....	\$408.81	40.88 "
.....	12.50	01.25 "
.....	<hr/>	<hr/>
.....	\$67.11	6.71 "
.....	<hr/>	<hr/>
.....	\$23.00	2.30 "
.....	30.00	3.00 "
.....	10.00	1.00 "
.....	<hr/>	<hr/>
.....	\$641.42	64.14 "
.....	<hr/>	<hr/>
Made.	71.27 "

mission in supplying Douglaston Extension under Order of Public

2535

COMPLAINANT'S EXHIBIT 78.

COMP. EX. 78. J. A. F.

At a Stated Meeting of the Public Service Commission for the First District, Duly Held at Its Office, No. 154 Nassau Street, in the Borough of Manhattan, City and State of New York, on the 19th Day of March, 1915.

Present:

Edward E. McCall,
Chairman;
Milo R. Maltbie,
J. Sergeant Cram,
George V. S. Williams,
Robert C. Wood,
Commissioners.

Case No. 1856.

In the Matter of the Hearing on the Motion of the Commission on the Question of the Extension of the Gas Mains of NEW YORK AND QUEENS GAS COMPANY to Such Extent as May be Necessary to Serve Residents of Douglaston and Little Neck, in the Borough of Queens, City of New York.

Order.

A hearing having been held in this proceeding on July 29th, August 13th, August 27th, September 2nd, September 9th, and October 6, 1914, James S. Brownson, appearing for the Douglaston Civic Association, Joseph W. Doolittle, appearing for the Douglaston Realty Company, F. H. Reeve, appearing for Joseph P. Day, agents for the Dwight and Murray Realty Company, John M. Riehle, representing the Long Island Sound Realty Company, John A. Hardman, appearing for the Douglas Manor Association, Charles F. Mathewson and Edward J. Patterson, appearing as counsel for New York and Queens Gas Company, Arthur DuBois, Assistant Counsel to the Commission, attending, and the Commission being of the opinion after said hearing that the mains and services of the New York and Queens Gas Company should be extended to serve residents of Douglaston, including Douglas Manor, with gas

Ordered that the New York and Queens Gas Company, be and hereby is directed to extend its gas mains and services in such a manner as may be required reasonably to serve with gas that community lying in the Third Ward of the Borough of Queens, City of New York and known as Douglaston, including Douglas Manor.

Further ordered that construction on the said proposed extension

be begun not later than April 30, 1915, and be completed as far as Alley Road or Main Avenue, Douglaston, by September 1, 1915.

Further ordered that on or before April 30, 1915 New York and Queens Gas Company file with this Commission a general plan and layout showing a proposed transmission and distribution system to be installed pursuant to the terms of this Order, that shall be suitable and adequate to furnish reasonable service to the community known as Douglaston, including Douglas Manor, and that this extension be completed and in service not later than September 10, 1915.

Further ordered that this Order shall take effect forthwith and that within ten days after service thereof said New York and Queens Gas Company notify the Commission in writing whether the terms of this Order are accepted and will be obeyed.

By the Commission.

TRAVIS H. WHITNEY,

Secretary.

[SEAL.]

(Here follows reproduction of Complainant's Exhibit No. 79, marked page 2538.)

QUEENS
PANY

CS

STRUCTION

CHECKED BY _____

DATE _____

8065

FORM 10

8-28-14

2538

MAPS

TOO

LARGE

FOR

FILMING

1
2
3
4
5
6
7
8
9
10
11
12

QUEENS
PANY

CS
STRUCTION

CHAINED BY _____

DATE _____

8065
828-14

2538

2539

COMPLAINANT'S EXHIBIT 80.

(Copy.)

COMPL. EX. #80.

Lehigh and Wilkes Barre Coal Company,
Office of Vice-President and General Agent.

143 Liberty Street,
New York, April 17, 1919.

P. B. Heilner, Vice-Pres. & Genl. Agt.
Daniel Anthony, Asst. Genl. Agent.

Mr. L. B. Gawtry, Vice-President,
Consolidated Gas Company,
4 Irving Place, New York City.

DEAR SIR:

We have entered your order for 100,000 tons of Broken coal, equal monthly shipments, for delivery during the coal year April 1, 1919 to March 31, 1920. The price of this coal is \$5.85 per gross ton at the mines. The rate of freight now in force is \$1.85 per ton from the mines to Port Johnston, making the price f. o. b. \$7.70 per gross ton. Should there be any increase or decrease in said freight rate, the price f. o. b. Port Johnston will be adjusted to correspond with such increase or decrease.

The sale is subject to the usual strike clause or any interference with operation or transportation beyond our control, and the price is subject to the Government tax of 3% on the railroad freight.

Yours truly,

P. B. HEILNER,
V. P. & G. A.

2539₂

(Copy.)

April 18th, 1919.

Mr. P. B. Heilner, Vice-President,
Lehigh & Wilkesbarre Coal Company,
143 Liberty Street,
New York.

MY DEAR SIR:

I beg to acknowledge receipt of your letter of the 17th instant, the terms of which are satisfactory and as agreed between us.

Very truly yours,

L. B. G.

2540 COMPLAINANT'S EXHIBIT 81.

Copy.

COMPL. EX. #81.

Lehigh and Wilkes Barre Coal Company,

Office of Vice President and General Agent.

P. B. Heilner, Vice Pres. & Genl. Agt.
Daniel Anthony, Asst. Genl. Agent.

143 Liberty St.,
New York, June 27, 1919.

Mr. Lewis Gawtry, Vice President,
Consolidated Gas Company,
3 Irving Place,
New York City.

DEAR SIR:

On July 1st, 1919, we will leave Port Johnston as a shipping dock and move to Pier No. 18, Jersey City, N. J., a new modern up to date shipping plant.

As our rail transportation is 5¢ per ton more to Jersey City than to Port Johnston, we will bill our coal at 5¢ a ton more at the new dock than we ask at Port Johnston.

The water freight should be 5¢ per ton less from Jersey City than it is now from Port Johnston, but I can not say at this writing what the towing rates will be.

(L. 7/8—No charge in towing.)

Yours truly,

P. B. HEILNER,
V. P. & G. A.

(Here follow Complainant's Exhibits 82, 83, 84, 85, and 86, marked pages 2441-2448, inclusive.)

ed for
light

18.

35

33

35

31

34

34

MAPS

TOO

LARGE

FOR

FILMING

49

COMPLAINANT'S EXHIBIT #87.

Oil vouchers of the Complainant Company for the year 1920.
Not printed.

COMPLAINANT'S EXHIBIT #88.

Other vouchers of the Complainant Company for the year 1920.
Not printed.

50

COMPLAINANT'S EXHIBIT 89.

Comp. Ex. 89. Idtfn. 5/26/20. W. R.

021-16-2.

65M-8-17.

Telephone 5600 Stuyvesant.

Paid by Check No. 4865.

Dated, July 15, 1920.

S. W. R.

(277.)

To The New York Edison Company, Dr.,
Irving Place and Fifteenth Street,
New York.

Invoice No. M 59640.

Date, May 24, 1920.

Ledger-folio 43-625.

Order No. —.

Charge Slip No. —.

N. Y. & Queens Gas Co., Flushing, L. I.

To 503 Gro. Tons 16 Cwt. Bit. Coal F. O. B.		
Tidewater	8.35 gr. t.	4206.73
owing Canal St. N. R., to Pier 18 J. C., Light ..		19.00
owing Pier 18 J. C. to Flushing, L. I. & Return		
to 30th St. & E. R.		100.44
trimming08 gr. t.	15.09
Rental Boat Irene K. 14 days	12.00	168.00
		<hr/> 4509.26

On board boat Irene K. consigned to Flushing, L. I., as per B/L.
dated May 21, 1920.

Weight as per Bill of Lading subject to correction.

1602 C. D. NEWTON ET AL. VS. N. Y. & QUEENS GAS CO.

2551 Date Bill Rec'd., 6/1/20. . . . Date Goods Rec'd., 5/25
Rec. Book —. Page 33.

Quality O. K. M. Morrison. Order No. —.

Add. & Ext. O. K., W. P. Prices O. K., A. J. S.

Charge

M. S. 6. \$4.50

Approved.

M. H. SPEAR,
V. P., General Manager.

2552 021-16-2.
65M-8-17.

Telephone 5600 Stuyvesant.

Paid by Check 4865.

Dated, July 15, 1920.

S. W. R.

(293.)

To The New York Edison Company, Dr.,
Irving Place and Fifteenth Street,
New York.

Invoice No. M 59797.

Date, June 4, 1920.

Ledger-folio, 43-597.

Order No. —.

Charge Slip No. —.

N. Y. & Queens Gas Company, Flushing, L. I.

To additional charges in connection with our Invoice
M 59640, May 24, 1920, 4509.26 as follows:

Docking Charge at Pier 18 J. C.01 Per ton 5.04
Trimming Originally Charged at15.09
Should have been15.12

Difference03

Account Boat Irene K. B/L, May 21/20, bound for Flushing.

2553 Date Bill Rec'd., 6/9/20. Date Goods Rec'd., 5/25/20.

Rec. Book —. Page #33.

Quality O. K., M. Morrison Order No. —.

Add. & Ext. O. K., W. P. Prices O. K., A. J. S.

Charge

M. S. 6 \$5.07

Approved.

M. H. SPEAR,
V. P., General Manager.

2554 COMPLAINANT'S EXHIBIT 90.

Complainant's Ex. 90.

New York & Queens Gas Company.

*Present Cost of Distribution, Taxes, and Renewals and Replacements
Based on Prices Being Paid for Labor and Material as of May
25, 1920.*

	Amount.	Cost per M cubic feet sold (336,241,400 cu. ft.).
Cost of distribution and other expenses:		
Transmission Pumping	515.97	.0015
Distribution Superintendence and Supplies and Expenses	4,079.85	.0121
Meter and Installation Work	5,669.14	.0169
Work on Consumers' Premises	14,284.22	.0425
Repairs of Street Mains	7,121.28	.0213
Repairs of Services	1,011.69	.0030
Repairs of Meters	5,028.41	.0150
Repairs of Tools	37.95	.0001
Repairs of Gas Appliances	2,221.22	.0066
Commercial Expenses	27,480.93	.0817
Salaries—General Office	9,304.00	.0276
Supplies and Expenses—General Office	3,651.26	.0109
Legal Expense	5,497.19	.0163
Claims and Arrears Expense	172.95	.0005
Insurance	4,073.31	.0121
Stable Expense	3,380.13	.0101
Automobile Repairs	5,469.85	.0162
Claims for Damages	133.00	.0004
Real Estate Rents Paid	2,390.96	.0071

	Amount.	Cost per M cubic feet sold (336,241,400 cu. ft.).
Stationery and Printing.....	2,454.53	.0073
Undistributed Adjustments	1,262.54	.0038
Uncollectible Bills	1,349.02	.0040
Interest on Consumers' Deposits.....	1,621.10	.0048
Gas Rate Appeal.....	25,000.00	.0743
Relief Department and Pensions.....	697.38	.0021
Total Cost of Distribution and Other Expenses		
Renewals and replacements.....	133,906.98	.3982
Taxes and interest thereon (1919 figure)...	10,086.41	.0300
	23,794.71	.0708
Total Distribution, Taxes, Renewals and Replacements		
	167,788.10	.4990
Compl. Ex. 90.		

(Here follow reproductions of Complainant's Exhibits Nos. 91, 92, 93, 94, and 95, marked pages 2555-2562, inclusive.)

Imprimé à Paris 91

Implan anti Exhibit 91

NOTICE OF ASSESSMENT AND RETURN OF EXCESS No 2288

STATE TAX DEPARTMENT, ALBANY, N. Y.

Date 12/29/19

Notice is hereby given that there has been assessed against you the amount set below as a franchise tax. It is due and payable on or before JANUARY 15, 191...

CERTIFIED CHECKS should be payable to State of New York and forwarded to STATE TREASURER, Albany, N. Y., with this form.

New York & Queens Gas Co
88 Main St
Flushing, N. Y.

This notice must be returned at the time payment is tendered, as when properly made it becomes a receipt for tax.
Penal interest attaches after JANUARY 15, 191..., or at the expiration of 30 days from the date of this statement.

Gross Earnings, \$ 349820.17
Tax on dividends exceeding 4%

Rate 5 Mills. Tax, \$ 1749.10

3%

Total tax, \$

RECEIVED

JAN 12 1920

COMMISSIONER'S OFFICE
STATE OF NEW YORK

[Signature]

STATE OF NEW YORK — TREASURER'S OFFICE

Albany, JAN 16 1920

191

Received from the above-named Company

In full for above tax.

Deputy Comptroller

Dollars,

Deputy Treasurer

Date B.M. Rec'd. 1/27/20 Date Goods Rec'd. ✓
Rec. Book..... Page.....
Quality O. K..... Order No.....
Add. & Ext. O. K. ✓ Pikes O. K. ✓
Charge.....

[Signature] 1749.10
General Manager

2555

Compliments Exhibit 92

PAID BY CHECK
MAY 1, 1919
OFFICE OF THE RECEIVERS
NUMBER 119

THE CITY OF NEW YORK—DEPARTMENT OF FINANCE
BILL FOR SPECIAL FRANCHISE TAXES, 1919

AND, OR, FOR

"REAL ESTATE OF CORPORATIONS" TAXES

OFFICE OF RECEIVER OF TAXES 60 NASSAU ST. LONG ISLAND CITY

TAX LEVY OF
1919
RATE: 2.37 PER CENT.

DATED MAY 28 1919

DATED NOV 25 1919

BOROUGH OF QUEENS



DISCOUNT: THE SECOND HALF OF THE TAX MAY BE PAID ON THE FIRST DAY OF MAY, OR AT ANY TIME THEREAFTER, PROVIDED THAT THE FIRST HALF IS PAID. ON SUCH PAYMENT OF THE SECOND HALF A DISCOUNT WILL BE ALLOWED FROM THE DATE OF PAYMENT TO NOVEMBER 1ST AT THE RATE OF FOUR PER CENTUM PER ANNUM.

IF THE TAX IS NOT PAID BY THE FIRST DAY OF MAY, A DISCOUNT OF FOUR PER CENT. PER ANNUM WILL BE ALLOWED FROM THE DATE WHEN THESE TAXES BECOME DUE UNTIL THE DATE OF PAYMENT, EXCEPT ON THE FIRST HALF WHEN PAID IN THE MONTH OF MAY, AND ON THE SECOND HALF WHEN PAID IN THE MONTH OF NOVEMBER.

PRESERVE THIS BILL. PRESENT IT AT THE TIME PAYMENT IS MADE OF EACH HALF OF TAX. IT WILL BE A FINAL RECEIPT

LINE NO.	IDENTIFICATION NO.	ESTIMATED VALUE OF SPECIAL FRANCHISE	TAX ON SPECIAL FRANCHISE	"REAL ESTATE OF CORPORATIONS" VALUATION	"REAL ESTATE OF CORPORATIONS" TAX	FIRST HALF OF TAX ON SPECIAL FRANCHISE DUE MAY 1	FIRST HALF OF "REAL ESTATE OF CORPORATIONS" TAX DUE MAY 1	SECOND HALF OF TAX ON SPECIAL FRANCHISE DUE NOV. 1	SECOND HALF OF "REAL ESTATE OF CORPORATIONS" TAX DUE NOV. 1	LINE NO.	IDENTIFICATION NO.	NOTICE
150	170	311500	7382 55			3691 27		3691 27		150	170	ARREARS
NEW YORK & QUEENS GAS COMPANY						INTEREST ON TAX		DISCOUNT ON TAX		REGISTERED		
						TOTAL AMOUNT PAID				BOOK FOLIO		
						3691.27				X698		

APPROVED

FROM THE CHARTER OF THE CITY OF NEW YORK, SEC. 1025—
WHENEVER ANY TAX OR ASSESSMENT SHALL REMAIN UNPAID FOR THREE YEARS, OR ANY WATER RENT SHALL REMAIN UNPAID FOR FOUR YEARS, THE TAX LIEN ON THE PROPERTY WILL BE SOLD TO SATISFY SUCH ARREARS OF TAXES, ASSESSMENTS OR WATER RENTS, AND ALL TAXES, ASSESSMENTS AND WATER RENTS UP TO A DAY TO BE NAMED IN THE ADVERTISEMENT OF SALE AS STATED THEREIN. THE COLUMNS FOR ARREARS INDICATE LOTS SOLD FOR ARREARS, OR TO BE SOLD THEREFOR, ARREARS TO BE PAID AND LOTS REDEEMED AT THE OFFICE OF THE COLLECTOR OF ASSESSMENTS AND ARREARS.

PAID BY CHECK	PAID BY CHECK	PAID BY CHECK	PAID BY CHECK
RECEIVED PAYMENT	RECEIVED PAYMENT	RECEIVED PAYMENT	RECEIVED PAYMENT
FOR DEPUTY RECEIVER OF TAXES	FOR DEPUTY RECEIVER OF TAXES	FOR DEPUTY RECEIVER OF TAXES	FOR DEPUTY RECEIVER OF TAXES

THE WORD ARREARS, IF IT APPEARS TYPE-WRITTEN IN THE SPACE INDICATED BY THE ARROW, MEANS THAT PREVIOUS TAXES HAVE NOT BEEN PAID. PAYMENT SHOULD BE MADE TO THE COLLECTOR OF ASSESSMENTS AND ARREARS. OTHERWISE, LIENS WILL BE SOLD.

2556

Complainant's Exhibit 93

FIRST HALF OF TAX DUE
MAY 1, 1919
SECOND HALF OF TAX DUE
NOVEMBER 1, 1919

THE CITY OF NEW YORK—DEPARTMENT OF FINANCE
BILL FOR SPECIAL FRANCHISE TAXES, 1919

AND, OR, FOR
"REAL ESTATE AND CORPORATIONS" TAXES
OFFICE OF RECEIVER OF TAXES—15 COURT SQUARE, LONG ISLAND CITY
STATE

TAX LEVY OF
1919
RATE: 2.57 PER CENT.

PENALTY AT THE RATE OF SEVEN PER CENT, PER ANNUM WILL BE
CHARGED FROM THE DATE WHEN THESE TAXES BECOME DUE
UNTIL THE DATE OF PAYMENT, EXCEPT ON THE FIRST HALF
WHEN PAID IN THE MONTH OF MAY, AND ON THE SECOND HALF
WHEN PAID IN THE MONTH OF NOVEMBER

BOROUGH  OF QUEENS

DISCOUNT: THE SECOND HALF OF THE TAX MAY BE PAID ON THE
FIRST DAY OF MAY, OR AT ANY TIME THEREAFTER, PROVIDED THAT
THE FIRST HALF IS PAID. ON SUCH PAYMENT OF THE SECOND
HALF A DISCOUNT WILL BE ALLOWED FROM THE DATE OF
PAYMENT TO NOVEMBER 1ST AT THE RATE OF FOUR PER CENTUM
PER ANNUM

RESERVE THIS BILL. PRESENT IT AT THE TIME PAYMENT IS MADE OF EACH HALF OF TAX. IT WILL BE A FINAL RECEIPT **50003**

LINE NO.	IDENTIFICATION NO.	EQUALIZED VALUE OF SPECIAL FRANCHISE	TAX ON SPECIAL FRANCHISE	"REAL ESTATE OF CORPORATIONS" VALUATION	"REAL ESTATE OF CORPORATIONS" TAX	FIRST HALF OF TAX ON SPECIAL FRANCHISE DUE MAY 1	FIRST HALF OF "REAL ESTATE OF CORPORATIONS" TAX DUE MAY 1	SECOND HALF OF TAX ON SPECIAL FRANCHISE DUE NOV. 1	SECOND HALF OF "REAL ESTATE OF CORPORATIONS" TAX DUE NOV. 1	LINE NO.	IDENTIFICATION NO.	NOTICE OF ARREARS	
149	A170			1200	28 44		14 22		14 22	149	A170		
NEW YORK & QUEENS GAS CO					INTEREST ON TAX					REGISTERED		↑	
					DISCOUNT ON TAX					24	BOOK		FOLIO
					TOTAL AMOUNT PAID	8.00	14.22		13.98				

REGISTERED
12 8

FROM THE CHARTER OF THE CITY OF NEW YORK, SEC. 1025—

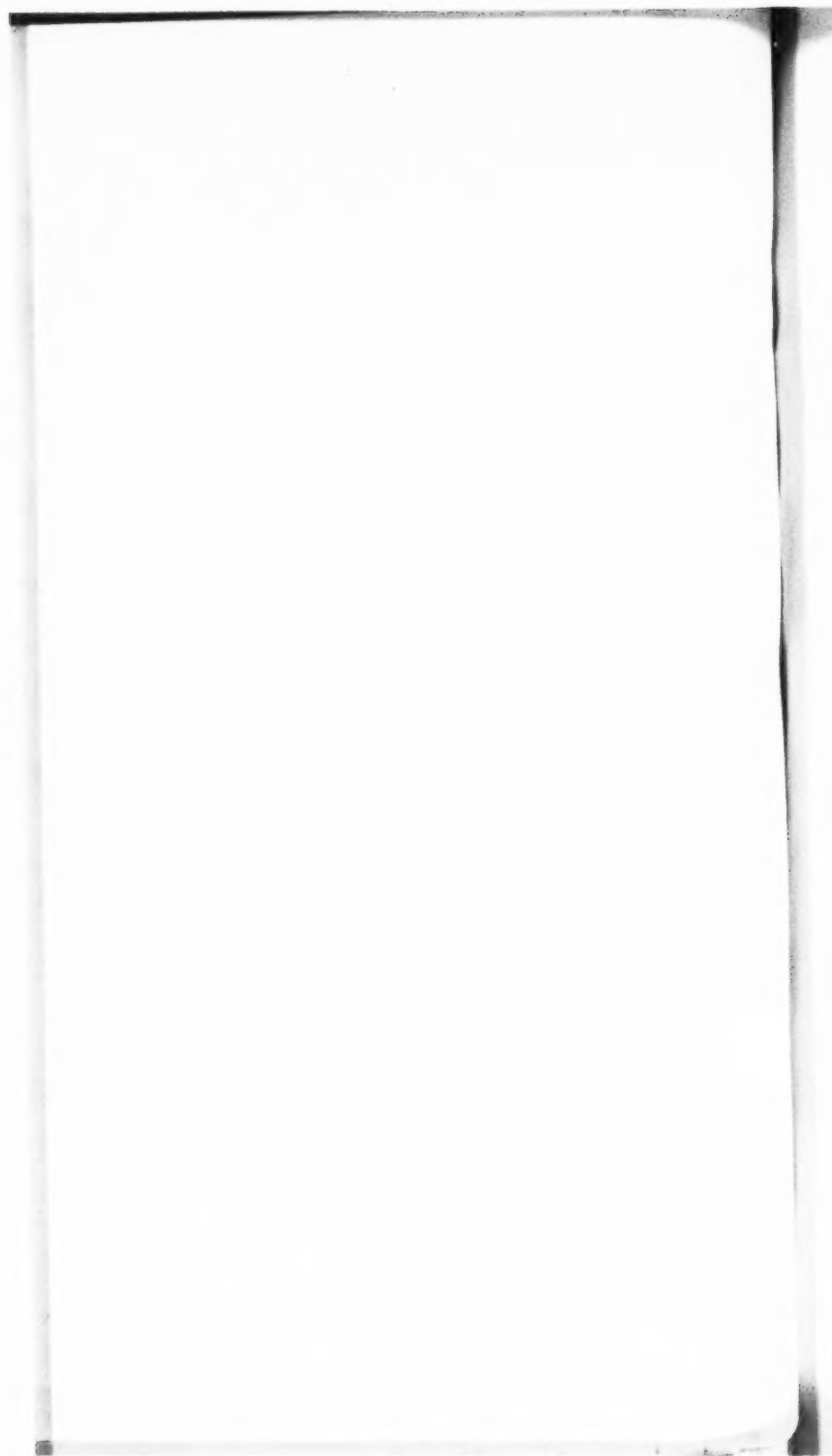
WHENEVER ANY TAX OR ASSESSMENT SHALL REMAIN UNPAID FOR THREE YEARS, OR ANY WATER RENT SHALL REMAIN UNPAID FOR FOUR YEARS, THE TAX LIEN ON THE PROPERTY WILL BE SOLD TO SATISFY SUCH ARREARS OF TAXES, ASSESSMENTS OR WATER RENTS, AND ALL TAXES, ASSESSMENTS AND WATER RENTS UP TO A DAY TO BE NAMED IN THE ADVERTISEMENTS AS STATED THEREIN. THE COLUMNS FOR ARREARS INDICATE LOTS SOLD FOR ARREARS, OR TO BE SOLD THEREFOR. ARREARS TO BE PAID AND LOTS REGAINED AT THE OFFICE OF THE COLLECTOR OF ASSESSMENTS AND ARREARS.

FIRST HALF SPECIAL FRANCHISE TAX	REAL ESTATE OF CORPORATIONS TAX	SECOND HALF SPECIAL FRANCHISE TAX	REAL ESTATE OF CORPORATIONS TAX
RECEIVED PAYMENT	RECEIVED PAYMENT	RECEIVED PAYMENT	RECEIVED PAYMENT
FOR DEPUTY RECEIVER OF TAXES	FOR DEPUTY RECEIVER OF TAXES	FOR DEPUTY RECEIVER OF TAXES	FOR DEPUTY RECEIVER OF TAXES

THE WORD ARREARS
IF IT APPEARS TYPE
WRITTEN IN THE SPACE
INDICATED BY THE
ARROW, MEANS THAT
PREVIOUS TAXES HAVE
NOT BEEN PAID. PAY-
MENT SHOULD BE MADE
TO THE COLLECTOR OF
ASSESSMENTS AND
ARREARS. OTHERWISE
LIENS WILL BE SOLD

2557

[illegible]



Complainant's Exhibit 95

TREASURY DEPARTMENT, INTERNAL REVENUE SERVICE, FORM 1-17.		PAID BY CHECK NO. 3963	
NOTICE AND DEMAND FOR PAYMENT		OCT 24 1919	
UNITED STATES INTERNAL REVENUE SERVICE OFFICE OF THE COLLECTOR AT	AMOUNT OF TAX	DATE PAID	AMOUNT PAID
	12 MO 6/30/20	10/27/19	827 00
<p>END OF TAX</p> <p>NEW YORK & QUEENS GAS CO 88 MAIN ST FLUSHING L I</p> <p>1407</p>			
<p>KEEP THIS PART OF THE FORM.</p>			

CAPITAL
Notice is hereby given that the account set opposite for the liability named above is payable to me. Demand is made for the payment of said tax before the date given below. Failure to do so will result in a 5 per cent penalty to accrue with interest at 1 per cent per month from due date until paid.

OCT 24 1919

TRUE DATE

(Signature of Internal Revenue)

2559

Complainant's Exhibit 95

Date Bill Rec'd.....	10/15/11	Date Goods Rec'd.....	
Rec. Book.....	JP	Page.....	JP
Quality O. K.....	JP	Order No.....	JP
Add. & Ext. O. K.....	JP	Prices O. K.....	JP
Charge.....			
Secured 1st		127.00	
Approved.....	JP		
	General Manager		

2559 A

Complainant's Exhibit 95

RETURN RECEIPT

Received from the Postmaster the Registered or Insured Article, the original number of which appears on the face of this Card.

Bertie Gardner

Atlatlan

Date of delivery

10/24, 1915

Form 3-11

2560

Complainant's Exhibit 95

OCT 24 2
1 PM
1919
N.Y.

U.S. POST OFFICE
OFFICIAL BUSINESS

REGISTERED ARTICLE

3746

No.

INSURED PARCEL

No.

My & Sons Gas Co

Return to

(NAME OF SENDER)

88 Main St

Street and Number,
or Post Office Box

Flushing, N.Y.

Post Office at

State

2667

2662

Simplex auto Exhibit 95-

"Referring to your previous request, extension to include May 1st will be given for filing returns; provided you agree to pay the tax at the time of filing returns; a copy of this telegram should be attached to returns.
March 27. 1918.

Roper, Commissioner."

2563

COMPLAINANT'S EXHIBIT 96.

COMPLT.'s EX. 96. J. A. F.

Detailed Statement of the Cost of the Plant, Distribution System, etc., of the New York and Queens Gas Company to and Including December 31st, 1919.

2564 Detailed Statement of the Cost of the Plant, Distribution System, etc., of the New York & Queens Gas Company to and Including December 31, 1919.

2565

Note.

The tabulation comprised within the following pages is designed to show the actual investment of the New York & Queens Gas Company, to and including December 31, 1919, in the various items of plant, land, distributing system, and other property and equipment, shown in the inventory hitherto submitted, setting forth the property owned and in use by the Company in its gas business as of December 31, 1919. The book cost of the inventoried items of property is shown. No attempt is made to show the cost of property not owned and in use on December 31, 1919.

The date of the acquisition or installation by the New York & Queens Gas Company is in each instance shown. As to plant, equipment, etc., acquired and installed since August 1, 1904, each such item of property was new at the time of such acquisition and installation, unless otherwise stated. Whether the property acquired by the New York & Queens Gas Company on August 1, 1904 was at that time new or what was then its age, is not shown. The age of the property, equipment, etc., installed by predecessor companies and acquired by the New York & Queens Gas Company upon consolidation in 1904, is unknown, and therefore, under the terms of the order made in this suit by the Honorable Julius M. Mayer, United States District Judge, is not stated hereinafter, only the date of its acquisition by the New York & Queens Gas Company being set forth.

2566 *Summary of Cost of the Plant and Distribution System of the New York and Queens Gas Company to and Including December 31st, 1919.*

Plant and Distribution System acquired by the Company on Aug. 1, 1904, and still in use	Page 2	\$280,108.00
Preliminary Organization and Development Expenses; Cost of financing; interest and taxes during construction; administrative, legal and miscellaneous general expenses prior to operation; engineering, superintendence and general contractor's expense and profit; coordination of service and consolidation of companies; omissions and contingencies (items not separately set forth in the accounts or included in the above-indicated sum)		320,350.00
Franchises and Rights		500,000.00
Additions to Real Estate since 1904	Page 3-4	20,630.90
Additions to Buildings	" 5-11	28,717.51
Additions to Apparatus	" 12	169,887.82
Additions to Distribution System	" 43	561,917.62
Additions to Office Equipment	" 44	3,932.79
Additions to Store Equipment	" 45	505.98
Additions to Laboratory Equipment	" 46	925.76
Additions to Tools and Implements	" 47	775.06
Miscellaneous Additions since 1904	" 48	63,095.64
Total of Costs		\$1,950,847.08
Working Capital (as of Jan. 1, 1920)		165,000.00
Grand Total		\$2,115,847.08

2567 *Cost of Plant and Distribution System (Exclusive of Undistributed Structural Costs) Acquired by the Complainant on August 1st, 1904 (Estimated as of That Date).*

Land	\$19,423.00
Grading and Filling	5,000.00
Buildings	17,500.00
Apparatus	62,600.00
Large and Small Piping	2,000.00
Tools and Implements	400.00
Mains	117,560.00
Services	34,030.00
Meters and Connections	21,595.00
Total	\$280,108.00

2568 *Cost of Additions to Real Estate, 1904-1920.*

Description.	Date of acquisition.	Cost.
Plot "A".....	1909	\$1,200.00
Plots "B" "C" & "D".....	1911	5,901.25
Plots "E" & "F".....	1912	1,128.00
Plots "G" & "H".....	1915	12,388.39
Sundry	1917	13.26
		<hr/>
		\$20,630.90

Derivation of Cost of Additions to Real Estate.

2569

Description.	Date of acquisition.	Cost.	
Payment on lot.....	Jan. 1909	\$.....	
Payments on lots.....	1911	5,800.00	\$1,200.00
Title Insurance.....	Jan. & March	101.25	
Payment on lots.....	June 1912	100.00	5,901.25
Payment on lots.....	July 1912	600.00	
Survey	Sept. 1912	20.00	
Payments on lots.....	"	408.00	1,128.00
Payments on lots.....	" 1915	9,216.00	
Option & Survey \$175.00; Cash Disbursements \$325; Moving & Repair of House \$761.27; Foundation for House \$388.92.....	"	1,150.19	
Legal \$696.88; Drawings \$346.00; Consolidated Staff \$5.48.....	"	1,048.36	
Lumber \$203.86; Misc. \$58.98; Labor \$8.21.....	"	271.05	
Blueprints \$4.13; Petty Cash \$173.91; Pay Roll \$24.75.....	"	202.79	
Sundry	1917		12,388.39
			13.26
Total of Additions to Real Estate.....			<u>\$20,630.90</u>

2570 *Cost of Additions to Buildings, 1904-1920.*

Generator House #2.....	\$1,452.75
Exhauster Room.....	692.28
Pump House.....	43.03
2-Story Coal Bin.....	39.51
1-Story Coal Bin.....	1,048.34
Boiler House.....	9,063.36
Oil House.....	469.19
Outside Coal Bins.....	628.75
Governor House.....	4,507.72
Garage.....	747.06
Compressor House.....	564.75
Pump House and Pipe Shed.....	223.36
Corrugated Iron Shed and Pump Foundation.....	98.14
Closet and Basin at Works.....	106.00
Fence.....	3,013.71
Electric Line for Conveyor.....	112.35
Flag Pole.....	35.00
12 Trees.....	60.00
Sewers.....	1,160.17
Oil Tank Embankment and Wall.....	4,246.21
Drip.....	164.62
Tar Bank.....	241.21
Total Additions.....	<hr/> \$28,717.51

2571

Derivation of Cost of Additions to Building, 1904-1920.

Description.	Date of acquisition.	Cost.
Generator House #2.		
Work on Arch	Aug. 1905	\$80.00
Work on Door—Meter Room.....	Sept.	11.55
Work on Walls.....	Nov.	89.00
Alter Walls and Roof.....	1911 E.	941.00
Concrete Floor	1911 "	100.00
Labor and Mat'l Conc. Walls.....	" "	110.00
Carpentry Work	" "	61.02
Window and door \$17.00, Pipe and Fittings \$6.12.....	" "	23.12
(No Description*)	" "	15.00
Pay Roll \$20.00, Freight \$2.06.....	1912 "	22.06
Exhauster Room:		<hr/> 1,452.75
Contract on Exhauster Room.....	May 1907	635.00
Electric Lights Exhauster Rm.....	" "	24.20
Cement Floor, Exhauster Room.....	Aug.	33.08
Pump House:		<hr/> 692.28
Lumber \$24.13, Labor \$18.90.....	1915 E.	43.03
2-Story Coal Bin:		
Lumber	Oct. 1904 R. E.	24.42
Rods \$14.50, Nails etc. \$.59.....	" "	15.09
		<hr/> 39.51

1-Story Coal Bin:

Contract on Coal Shed.....	Aug. 1905	875.00
Lumber	" "	8.83
Horse Hire	" "	12.00
Lumber	Nov. "	122.73
Petty Cash	Jan. 1907	29.78
		<hr/>
		1,048.34

2572 Boiler House:

Contract—Add. to Boiler & Purif. House.....	Dec. 1905	\$1,998.33
Lumber \$67.76, Labor \$21.38, Tile Pipe, Etc. \$6.20.....	1914 E	95.34
Adjustment	1915 "	20.00
Labor—Alterations	1915 "	138.50
3-Steel Trusses	1915 "	130.00
Pipe and Fittings.....	1915 "	69.59
Cement \$10.00, Lumber \$17.23, Hauling \$5.00.....	1915 "	32.23
Labor on House \$30.00, on Stack \$183.20.....	1915 "	213.20
Blueprints & Photostats.....	1915 "	6.75
Services rendered by Consolidated Staff.....	1915 "	134.64
Pay Rolls	1915 "	48.00
Payments on Stack and Flue.....	1916 "	2,342.07
Labor & Material on House.....	1916 "	3,999.46
Labor on Stack.....	1916 "	6.17
Small Pipe, Fittings & Valves.....	1916 "	342.69
Sand, Stone and Cement	1916 "	166.75
Lumber	1916 "	56.55
Services rendered by Consolidated Staff.....	1916 "	23.90
Miscellaneous	1916 "	179.04

Derivation of Cost of Additions to Building, 1904-1920.—Continued.

Description.	Date of acquisition.	Cost.
Petty Cash	1916 E	18.75
Addition—Miscellaneous	1917 "	60.37
		<hr/>
		\$10,062.53
Charge off, say 1/2 of 1905 Entry		999.17
		<hr/>
		\$9,063.36
 2573 Oil House:		
Contract on Oil House	1912 E	\$343.00
Cement and Sand	" "	54.00
Pay Roll	" "	30.00
Hoist \$12.80, Electrical Work \$29.39	" "	42.19
		<hr/>
		\$469.19
 Outside Coal Bins:		
Lumber and Labor	1909 E	450.86
Sand and Cement	" "	19.25
Pipe and Fittings	" "	3.79
Petty Cash \$12.35, Pay Roll \$106.25	" "	118.60
Miscellaneous	" "	36.25
		<hr/>
		628.75
 Governor House:		
Contracts for Building	1915 & 16 E	2,908.29
Lumber \$192.52, Sand, Stone & cement \$106.30	" "	298.82
Labor \$837.38, Service of Consolidated staff \$238.01	" "	1,075.39
Hauling \$36.00, Hardware \$61.25	" "	100.25

Blueprints \$10.81, Misc. \$87.36.....	"	"	"	98.17
Small Piping \$19.55, Petty Cash \$7.25.....	"	"	"	26.80
				4,507.72
Garage:				
Gutters & Leaders.....	Jan.	1906		25.90
Galv. Iron \$42.90, Contract on Wagon Shed \$125.14.....	Aug.	"		168.04
Cement \$30.00, 2 Bell Traps \$2.69.....	"	"		32.69
Lumber, Brushes and Paint.....	"	"		12.63
Galv. Iron	Sept.	"		55.03
Carry forward				\$294.29
2574 Carried forward				\$294.29
Lumber	Nov.	1906		1.50
" & Nails \$100.60, Flushing \$40.....	Jan.	1907		140.60
Miscellaneous \$10.42	Feb., March	"		24.42
Floor	1919			286.25
				\$747.06
Compressor House:				
Mason—Material & Labor.....	1910 E			255.68
Lumber \$78.58, Labor & Hauling \$55.02.....	"	"		133.60
Labor—Material—Roof & Leader	"	"		50.77
Found. Bolts \$26.27, Box Steam Line \$24.43.....	"	"		50.70
Pay Roll	"	"		39.80
Wire Window Guards.....	1916 "			34.20
				564.75

Derivation of Cost of Additions to Building, 1904-1920.—Continued.

Description.	Date of acquisition.	Cost.
Pump House & Pipe Shed:		
Lumber, Sash & Cord Etc.	1917 E	161.36
Carpenter Labor	" "	62.00
		223.36
Corrugated Iron Shed and Pump Found:		
Corrugated Iron \$61.43, Lumber \$12.12	1919 "	73.55
Cement and Sand	" "	6.05
Petty Cash \$14.65 & Pay Roll \$3.89	" "	18.54
		98.14
Closet and Basin at Works	Jan. 1906	106.00
Fence	1919	3,013.71
Electric Line for Conveyor	1919	112.35
Flag Pole	1916 "	35.00
12 Trees	" "	60.00
2575 Sewers:		
Labor of laying Sewer	Apr. 1906	\$169.78
Labor \$345.00, Photos 79c, Service of Consolidated \$26.31	1915 E	372.10
Contract for Drain Work	1916 "	151.50
Services of Consolidated Staff	" "	22.73
Labor, Pipe, Cement etc.	" "	356.56
Petty Cash \$8.95, Blueprints .34	" "	9.29
Labor and Hauling, Sewer in E. Yard	1910 "	78.21
		\$1,160.17

Labor and Material	1909 E	918.56	
Labor and Material	1916 "	2,172.73	
Lumber \$238.14, Hdware, \$15.09, Hauling \$38.75,	" "	291.98	
Services of Consol. Staff \$509.62, Miscellaneous \$3.20,	" "	512.82	
Pipe and Fittings \$82.77, Reinforcing \$179.00,	" "	261.77	
Blueprints \$8.22, Petty Cash \$12.94,	" "	21.16	
Services of Consol. Staff \$1.50, Miscellaneous \$10.40,	1917 "	11.90	
Pipe and Fittings	" "	1.41	
Petty Cash \$1.90, Pay Roll \$51.98,	" "	53.88	
			4,246.21
Drip:			
Small Pipe and Fittings	1917 "	3.08	
1-24" Cap	" "	12.38	
Pay Roll	" "	149.16	
			164.62
2576 Tar Tank:			
Stand, Stone and Cement	1917 E	\$23.65	
Small Pipe and Fittings	" "	68.57	
Hardware \$8.14, Lumber \$3.87,	" "	12.01	
Hauling \$7.00, Pay Roll \$129.98,	" "	136.98	
			\$241.21

2577 *Summary of Cost of Additions to Apparatus, 1904-1920.*

Location.		Cost.
Generator House #1	Page 13	\$8,135.21
Generator House #2	" 14-17	23,395.44
Exhauster House	" 18	1,546.75
Boiler House	" 19-21	16,606.39
Engine Room	" 22	458.57
Pump House	" 23	742.19
Governor House	" 24	1,207.41
Garage	" 25-26	5,094.66
Compressor House	" 27-28	3,798.28
Hose House	" 29	106.50
Deep Well Pump House	" 30	365.95
Gasoline House	" 31	174.28
Corrugated Iron Pump Shed	" 32	394.89
Yard	" 33-38	102,110.15
Miscellaneous	" 39-42	5,751.15

Total Additions to Apparatus \$169,887.82

2578 *Cost of Additions to Apparatus in Generator House #1, 1904-1920.*

1 7' 6" Lowe Water Gas set 1906 \$8,135.21

Derivation of "Cost" of Addition in Generator House #1.

7' 6" Lowe Set 1906

Description.	Date of acquisition.	Cost.
Payment to U. G. I.	January	\$2,267.00
Excavation and Concrete Work	"	201.60
3 1 1/4" Globe Valve Trimmings	"	2.36
Remodeling Bristol Gauge	"	5.00
Payment to U. G. I.	February	2,267.00
Insurance	"	317.27
Cement and Hardware	"	15.17
Payment to U. G. I.	March	2,266.00
Payment to U. G. I. (Operating Floor)	"	715.75
Cement, Stone and Sand	"	64.13
Payment to U. G. I. (Floor Plates)	April	7.12
Payment to U. G. I. (Bolts and Washers) .	June	7.81
		<hr/> \$8,135.21

2579 *Cost of Additions to Apparatus in Generator House #2, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 #7 Root's Exhauster and 1 7" x 10" New York Safety Engine	1907	\$1,506.75
1 8' 6" Lowe Water Gas set, incl. Condenser, etc.	1911	16,715.69
2 Terry Steam Turbines	1912	141.51
2 #6 Sturtevant Monogram Blowers	1912	With 8' 6" set.
1 #3 Revivifying Machine	1917	40.00
1 1¼" Pickering Governor	1917	36.00
1 6" x 5" x 10" Davidson Force Pump ..	1914 & 15	414.83
1 6" x 4" x 6" Worthington Water "	1919	102.00
1 ¾" Fisher Control Governor	1916	19.25
1 Tar Washer	1905	808.00
1 P. & A. Tar Extractor	1913	954.24
1 Wylie Meter	1911	1,172.35
1 6' Station Meter	1905	1,227.84
	1911	With 8' 6" set.
1 Hoist and Motor	1911	162.75
Total Additions		\$23,395.44

1617

2580 Derivation of Cost of Additions to Apparatus in Generator House #2.

Description.	Date of acquisition.	Cost.
2—#7 Roots Exhauster & 7"x10" Engines.....	1907 (Construction A/c.)	\$82.05
Small Pipe & Fittings 13.23, Bolts, Washers and Belts.....	March	171.57
4—12" Valves 135.00 & Drip & Fitt 36.57.....	"	15.00
Handling 12" Pipe.....	"	4.44
Small Pipe and Fittings.....	April	184.31
12" Fittings.....	"	71.85
Hauling 45.00 & Insurance 26.85.....	"	130.69
Labor—Connections.....	"	80.00
Contract—Setting Exhauster & Making Conn.....	"	16.26
Bolts 6.00 and Paint 10.26.....	"	67.20
Freight and Blowers, Engines and Fittings.....	"	1.65
Freight on Valves, etc.....	"	8.71
Pay Roll.....	May	34.40
Reducing Valves.....	"	47.87
Small Pipe and Fittings 19.49, 12" Fitt. 28.38.....	"	15.04
Misc. H'dware, Bolts, Washers, Sand, Etc.....	June	1,832.80
2—Exhausters & Engines.....	"	35.80
Bell Trap 1.22, Fittings .98, Cement 33.60.....	"	13.40
Bolts and Wedges.....	"	9.35
Pay Roll.....	July	.87
Freight.....	August	79.50
Mason, Material and Labor.....	September	100.00
Set Exhauster in position.....	"	10.73
Lankenheimer Oil Feeder.....		
		\$3,013.49

It is assumed that this amount of \$3,013.49 covers the installation of the Exhauster & Engine in the Generator House #2. The balance of the cost of the Exhauster & Engine is included in the cost of the Generator House #2.

Terry Steam Turbines.....	
8' 6" Lowe Set.....	
Payments to U. G. I.....	
Contract on Foundations.....	
Pipe and Specials.....	
Soil Pipe and Fittings.....	
Small Pipe and Fittings.....	
C. I. Pipe.....	
Brass Gate Valves and Pipe Cutter.....	
Sand and Cement.....	
Brass Thermometer.....	
Freight on 12" C. I. Pipe.....	
4—3" x 1" T Bolts.....	
1—M. Hard Bricks.....	
#14 Heintz Steam Trap.....	
White and Red Lead—Labor on Galv. Iron.....	
Hoisting and Setting Tank.....	
Hire of Horse and Cart.....	
Paint and Hardware.....	
Walls for Blower Room—Labor & Mat'l.....	
Electric Labor.....	
Pay Roll.....	
Petty Cash.....	
Freight and Hauling Oxide.....	

1912
1911

\$14,192.00
635.00
211.98
4.66
101.21
12.00
14.45
18.15
7.35
3.81
3.00
8.00
11.85
7.00
14.50
6.00
7.67
124.54
11.64
1,219.98
3.00
97.90
<hr/>

\$16,715.69

Derivation of Cost of Additions to Apparatus in Generator House #2.—Continued.

Description	Date of acquisition	Cost.
2582		
#3 Revivifying Machine	1917 M	\$40.00
11 1/2" Pickering Governor	1917 K	36.00
6" x 5" x 10" Davidson Force Pump	1914 & 15 M	
Brick, Sand, Cement & Labor		\$14.55
Pump		180.00
Pipe and Fittings		59.14
Pay Roll		106.86
Small Pipe and Exhauster Head		54.28
6" x 4" x 6" Worthington Water Pump	1919	414.83
3/4" Fisher Control Governor	1916 M	102.00
Tar Washer, Erected with 12" Con.	1905 Aug	19.25
P. & A. Tar Extractor	1912 & 13 L	808.00
Sand & Cement 37.90, Pay Roll, 56.33		94.23
Tar Extractor with 12" By Pass Connection		832.00
Pay Roll		122.24
Wylie Meter	1911 M	1,048.47
Meter		1,000.00
Freight 5.52 & Misc. Hdw. 2.85		8.37
Pay Roll 22.50, Sundry 16.00, M. & S. 125.48		163.98
6" Station Meter	1905	
6" x 6" Meter	1905 Oct.	1,186.95
Paint	" "	8.50
Foundation	" Sept.	20.00
Paint	" "	.37
Valves, Pipe & Fittings 11.00, Paint 72, Express 30	" Dec.	12.02
Hoist and motor	1919	1,227.84
		162.75

2583 *Cost of Additions to Apparatus in Exhauster Room, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 #7 Roots Exhauster		
1 7" x 10" N. Y. S. Engine	1907	\$1,506.75
1 #3 Revivifying Machine	1918	40.00
Total Additions		\$1,546.75

Derivation of Cost.

#7 Roots Exhauster & 7" x 10" Engine	1907	
(See ditto for New Generator.)		
#3 Revivifying Machine	1918 M	\$40.00

2584 *Cost of Additions to Apparatus in Boiler House, 1904-1920.*

Description.	Date of acquisition.	Cost.
2—B. & W Model 1916 Boilers	1916-1918	\$8,189.11
1—Cunningham Boiler	1919	5,214.53
1—Erie City Iron Works Boiler	1914	2,294.50
1—3' 0" x 5' 6" Steel Blow Off Tank	1905	105.00
1—Empire Water Meter	1917	80.00
2—#2 Best Oil Burners	1916 with B & W	
1—Moore Compound Pump	1918	22.00
1—Feed Water Heater	1919	404.36
2—6" x 4" x 6" Boiler Feed Pumps	1919	206.89
Total Additions		\$16,606.39

2585 *Derivation of Cost of Apparatus in Boiler House.*

Description.	Date of acquisition.	Cost.
2 B. & W. Model 1916 Boilers	1916 G	\$5,697.98
Payments to B. & W.	"	101.15
Deeves-Boiler Settings	"	195.00
Furnish & Set Stack Conn.	"	28.75
Grate Bars 15.25, Chemical Feeder 13.50	"	81.50
"Best" Burners & Cocks	"	44.76
Tube Expander 40.00 Alter Tar Tank 4.76	"	746.67
Services of Consolidated Staff	"	789.11
Valves, Pipe and Fittings	"	45.84
Miscel. Lumber & Hdware	"	61.55
Petty Cash & Pay Roll	1918	32.00
Flame Plates, Etc.	"	24.80
Labor on Flame Plates	1919	340.00
2—12" L. I. Wing Turbine Blowers		<hr/>
Cunningham Boiler	1819	\$8,182.11
Erie City Iron Works Boiler	1914 G	5,214.53
Contract on Boiler & Stack	"	1,277.01
Hauling	"	300.00
Freight	"	77.99
Sand, Cement Miscel. Hdware Etc.	"	198.39
Services of Cons. & Astoria Staffs	"	84.88
Moving Toilet in Yard	"	10.00
Petty Cash & Pay Roll	"	168.63
Small Pipe & Fittings	"	105.60
		<hr/>
		\$8,182.11
		5,214.53

Covering Boiler & Piping.....	"	72.00
2586 3' x 5' 6" Steel Blow Off Tank.....	Sept. 1905	105.00
Empire Water Meter.....	1917 G	80.00
Moore Compound Pump & Fittings.....	1918 G	22.00
Feed Water Heater.....	1919	404.36
6" x 4" x 6" Feed Pumps.....	1919	296.89

2,294.50

2587 *Cost of Additions to Apparatus in Engine Room, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 10" x 12" New York Safety Engine.....	1917 & '18	\$458.57

Derivation of Cost of Apparatus in Engine Room.

Description.	Date of acquisition.	Cost.
10" x 12" New York Safety Engine:		
2nd Hand Engine from Consol.....	1917 & '18	\$150.00
Hauling 7.00, Labor 4.17.....	"	11.17
Bolts 15.33, Making Key .50.....	"	15.83
Sand, Stone and Cement.....	"	24.50
Pulleys 33.07, Petty Cash .65.....	"	33.72
Rent of Stone Cutter.....	"	3.75
Overhauling 48.24, Belt Tightener 76.50.....	1918	124.74
New Bed 84.00, Fittings 2.33, Pay Roll 7.73.....		94.86

\$458.57

2587 1/2 *Cost of Apparatus in Pump House, 1904-1920.*

Description.	Date of acquisition.	Cost.
2 4 1/2"x4"x6" Davidson Oil Pumps.	1912	With 8' 6" Sch.
1 4 1/2"x2 1/2"x6" " Seal Pumps.	1906-7	\$187.60
1 4 1/2"x2 1/2"x6" " Tar " }	1910	80.75
1 4 1/2"x2 1/2"x6" " Drip " }	1916-1917	412.84
2 6x4x8" Davidson Water " }	1919	61.00
1 Vertical Dial Oil Meter.		
Total Additions.		\$742.19

Derivation of Cost of Apparatus in Pump House.

2 4 1/2"x2 1/2"x6" Davidson Seal & Tar Pumps:			
4 1/2"x2 1/2"x6" Oil Pump #10317.	August 1906	\$88.20	
" " #10355.	Sept. 1906	88.20	
2 Red Plates for 4 1/2"x2 1/2"x6"	March 1907	11.20	\$187.60
4 1/2"x2 1/2"x6" Davidson Drip Pump.			80.75
2 6"x4"x8" Davidson Water Pumps:			
6"x4"x8" Davidson Pump.	1916-1918	150.00	
6"x4"x8" Davidson Pump.	1916 G	200.00	
Fittings 62.53 Petty Cash .31	1917	62.84	
Vertical Dial Oil Meter.	1919 G		412.84
			61.00

2588

Cost of Additions to Apparatus in Governor-House, 1904-1920.

Description.	Date of acquisition.	Cost.
8 24" Isbell Porter Gate Valves.	1915	With Holder
2 16" "	1915	"
3 12" "	1915	"
1 12" Balanced Governor.	1906	\$282.41
1 16" Automatic "	1915	600.00
1 16" Balanced "	1915	325.00
Total Additions.		\$1,207.41

Derivation of Cost.

	1906	
12" Balance Governor.....	September	225.00
12" Governor with 7" Extra Seal.....	June	23.85
Labor-Building Pier under Gov.....	May	1.69
Freight on Bal. Governor.....	June	29.62
Install & Adjust Governor.....	May	2.25
Bbl. of Cement.....		
16" Automatic Governor.....	1915 M	\$282.41
16" Balance Governor.....	1915 "	600.00
		325.00

Cost of Additions to Apparatus, Garage, 1904-1920.

2580

Description.	Date of acquisition.	Cost.
1 Maxwell Roadster	1914	\$641.25
1 Maxwell Coupe	1914-5	881.75
1 Ford Runabout	1913	546.50
3 Special Body Delivery Wagon	1913-14-17	1,397.02
1 250 Gallon Drip Wagon	1908	50.00
1 Single Horse Dray	1907	50.00
1 Dump Cart	1915	20.00
1 Wagon Jack	1906	1.25
1 Bay Horse	1912	165.00
Fire Extinguishers	1912	18.30
Snow Plow	1914	29.35
Fire Pump	1916	40.00
Decarbonizer	1919	28.00
Maxwell Touring Car	1919	973.44
Convertible Top	1919	232.80
Ford Body	1919	20.00
Total Additions		\$5,094.66

2590

Derivation of Cost.	
Maxwell Roadster	1914
Maxwell Coupe	1914-15
Coupe Body	1914
Chassis	1915
Petty Cash	1915
Ford Runabout	1913
	\$ 641.25
	\$250.00
	496.75
	135.90
	881.75
	546.50

3 Ford Special Body Delivery Wagons—1913-14-17:

Chassis	1913	500.00	
New Body 72.00 & Signs 15.00	1913	87.00	
Chassis	475.00	
Body 85.00, Tire 15.00, Signs 15.00	115.00	
Speedometer	4.00	
Chassis	65.00	
Converter 75.00, Parts 76.02	151.02	
		<hr/>	1,397.02
250 Gallon Drip Wagon	1908	50.00	
Single Horse Dray	1907	50.00	
Dump Cart	1915	20.00	
Wagon Jack	1906	1.25	
Bay Horse	1912	165.00	
Fire Extinguishers	"	18.30	
Snow Plow	1914	29.35	
Fire Pump	1916	40.00	
Decarbonizer	1919	28.00	
Maxwell Touring Car	1919	973.44	
Convertible Top	1919	232.60	
Ford Body	1919	20.00	

2591 *Cost of Additions to Apparatus in Compressor-house, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 12"x16"x12" Air Compressor	1910	\$2,193.75
1 8"x12"x8" " "	1908	1,303.53
1 Kennedy Telemetric Gauge	1918	301.00
Total Additions		\$3,798.28

Derivation of Cost.

12"x16"x12" Air Compressor	1910 M	
Compressor	"	1,588.18
Freight on Compressor	"	11.82
Building Concrete Foundation	"	82.20
Unloading & Placing on "	"	59.00
Labor & Hauling	"	76.15
Pay Roll 170.73 & Petty Cash 3.55	"	174.28
4" St. Pipe with Stocks & Dies	"	126.70
4" Union, 50 8" Off Set 5.00	"	5.00
Steam Trap & Check Valves	"	6.32
Small Fittings & Valves	"	31.10
Gauge	"	32.00
		<hr/> \$2,193.75 <hr/>
2592 8"x12"x8" Compressor	1908	
Compressor	December	798.40
Foundations for Bldgs. & Comp.	November	109.00
Small Pipe & Fittings	"	162.60
Bolts & Washers	"	9.90
Exhaust Head & Valves	"	20.70
Steam Trap 13.87 & Cement 6.30	December	20.17
Air Receiver	"	47.17
Small Pipe, Fittings & Labor	"	46.60
Pay Roll	"	76.90
Drilling 4.80 Valves & Miscel. Hardware		
7.52	"	12.32
		<hr/> \$1,303.53 <hr/>
Kennedy Telemetric Gauge	1918 M	
Gauge		275.00
Regulator 6.00 & Mercury 20.00		26.00
		<hr/> \$301.00 <hr/>

2593 *Cost of Additions to Apparatus in Hose House, 1904-1920.*

Description.	Date of acquisition.	Cost.
Hose Cart	1906	\$22.50
Hose	"	84.00
Total Additions.....		<u>\$106.50</u>

Derivation of Cost.

Hose Cart	March 1906	\$22.50
Hose 200' of 2"	1906	84.00

2594 *Cost of Additions to Apparatus in Deep Well Pump House, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 7 $\frac{1}{2}$ " x 7 $\frac{1}{2}$ " x 6" Snow Steam Pump....	1918-1919	\$365.95

Derivation of Cost.

7 $\frac{1}{2}$ " x 7 $\frac{1}{2}$ " x 6" Snow Steam Pump..	1918	
Pump	" J	\$225.00
Fittings \$5.17, Hdware. \$1.75, Pay		
Roll \$53.13.....	" G	60.06
		<u>\$285.06</u>
Additions	1919	80.89
		<u>\$365.95</u>

2595 *Cost of Additions to Apparatus in Gasoline House, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 Bowser 280 Gal. Storage:		
Outfit.....	1912	\$174.28

Derivation of Cost.

Description.	Date of acquisition.	Cost.
Storage System	1912	\$166.14
Lumber & Nails.....	"	8.14
		<u>\$174.28</u>

2596 *Cost of Addition to Apparatus in Corrugated Iron Pump Shed, 1904-1920.*

Description.	Date of acquisition.	Cost.
7"x7"x10" Davidson Pump.....	1915	\$394.89

Derivation of Cost.

Description.	Date of acquisition.	Cost.
Pump	1915 M	\$160.00
Fittings.	" "	191.49
Labor 6.30, Lumber 37.10.....	" "	43.40
		<hr/> \$394.89

2597 *Cost of Additions to Apparatus in Yard, 1904-1920.*

Description.	Date of acquisition.	Cost.
1 1,000,000 Cu. Ft. Holder	1915-18	\$86,000.26
1 250,000 " " "	1907	234.51
1 100,000 " " "	1907	45.00
1 30' x 30' Oil Tank	1908 & 16	3,017.91
1 Steel Tar Tank	1919	233.90
1 " Purifier Box (Quintard)	1909	5,219.68
1 " " " (B. H. Co.)	1911-19	3,881.34
1 Deep Water Well	1916	852.26
Purifier Connections	1919	1,923.27
Flight Conveyor	1919	701.00
Total Additions		<hr/> \$102,110.15

Derivation of Cost.

1,000,000 cu. ft. Holder (B. H. Co.)	
Payments to B. H. Co.	\$52,016.20
Tests, Borings, Analysis Etc.	129.22
Water for Testing.	366.35
Sand, Stone & Cement.	3,427.55
Hauling & Hire of Teams.	355.60
Blue Prints Photostats Etc.	16.83
Large Valves.	1,332.38
" Pipe & Fittings.	2,784.01
Small " "	165.76
Inspection of Pipe.	183.51
" " Steel	1,148.34
Pig Lead	254.30
Lumber & Hardware.	366.45
Bolts & Washers.	31.87
Labor on Holder & Connections.	4,598.77
Services of Consolidated Staff.	944.76
Telephone, Petty Cash & Pay Roll.	260.06
Miscellaneous	106.53
4 x 4 7 Cameron Pump.	89.00

\$68,577.50 To Summary

Derivation of Cost—Continued.

	Date of acquisition.	
Payments to B. H. Co.	1916	\$10,798.44
Tests, Borings, Analysis, Etc.	"	6.32
Sand, Stone, and Cement.	"	56.20
Hauling & Hire of Teams.	"	50.80
Blueprints, Photostats, Etc.	"	4.15
Large Pipe and Fittings.	"	389.37
Small Pipe and Fittings.	"	86.01
Inspection of Steel.	"	257.04
Lumber and Hardware.	"	97.06
Bolts and Washers.	"	8.23
Labor on Holder & Connections.	"	637.96
Services of Consolidated Staff.	"	693.22
Telephone, Petty Cash & Pay Roll.	"	273.29
Miscellaneous.	"	250.40
Painting.	"	1,697.07
Fence and Posts.	"	527.45
Pump Shed on Coping.	"	78.04
Dismantle B. H. Co. Boiler.	"	4.50
Foundation for Pump.	"	8.93
		<hr/>
		\$15,924.48 To Summary

2600

Payment to B. H. Co.	1917	\$816.25
Testing, Borings, Analysis, Etc.	"	5.55

Small Piping.	"	68.15
Lumber and Hardware.	"	

2601

Derivation of Cost.

Description.	Date of acquisition.	Cost.
250,000 Cu. Ft. Holder:		
Labor on connections.	Feb. 1907	\$209.50
Pay Roll	" "	25.31
		\$234.81
100,000 Cu. Ft. Holder:		
Electric Alarm	March 1907 Constr.	45.00
30' x 30' Oil Tank	1908 & 1916	
Excavation & Concrete Work	Nov. 1908	136.25
Pay Roll	" "	134.33
Oil Tank	Dec. "	2,100.00
Hauling & Grouting	" "	58.89
Fittings & Conn.	1909 E	140.30
Foundation, Inc. Piles Etc.	" "	434.18
Ladder	1916 "	13.96
		\$3,017.91
Steel Tar Tank	1919	233.96
Purifier Box:		
Payments to Quintard.	1909 L	3,618.92
Labor \$227.31, Sand, Cement, Etc., \$69.68	" "	296.99
Hauling & Labor—Conn. & Drains.	" "	94.60
Large Valves & Fittings.	" "	184.61
Small Pipe " "	" "	9.12
Materials & Supplies.	" "	468.66
Oxide	" "	411.58
Freight \$36/35, Petty Cash \$27.60.	" "	126.95
2—#4 Goulds Pumps	" "	8.25
		\$5,219.68

Payment to B. H. Co.....	1911 L	\$3,073.00	
Materials & Supplies.....	"	160.62	
Sand & Cement \$47.45 Lumber 5.60	"	53.05	
Large Fitting	"	30.50	
Oxide	"	410.95	
Pay Rolls 83.75 Petty Cash 11.48	"	95.23	
Thermometer	1919	57.99	
			\$3,881.34
Deep Water Well:	1916 & 1918,		
Contract on Well.....	"	550.00	
Pipe & Fitting.....	"	159.15	
Pay Roll	"	143.11	
			\$852.26
Purifier Connections.....	1919		1,923.27
Flight Conveyor.....	"		701.66

2303 *Cost of Additions to Plant, Miscellaneous Items, 1904-1920.*

Description.	Date of acquisition.	Cost.
Seal Pump	1910	\$30.00
Pipe & Fittings Purification App.	1914	346.82
Pipe & Fittings Purification App.	1915	222.54
Pyrometer	1916	75.80
Steam Valves	"	7.29
Steam Traps	"	60.00
Damper Regulator	1917	75.00
Grate Bars	"	15.10
1-3 Way & 1-4 Way Valve	"	49.09
Pipe, Fittings & Covering	"	89.08
Oil Feed Pumps	"	89.41
3" Centrifugal Pump	"	158.00
Hines Eliminator	"	71.30
Valves and Cooks	"	8.63
Hand Stoker	1918	474.90
Steam Line 761.85 Blast Main 535.15 ..	"	1,297.00
Valves & Fittings Purification App.	"	198.32
Oilier	"	12.25
Fan Engine Regulator	"	92.00
Steam Trap, Pay Roll & Petty Cash ..	1919	86.88
Cochrane Separator etc.	"	117.51
Steel Laced Hose	"	11.23
Steam Line	"	84.24
Oil Line	1905	141.03
Condenser by Pass	1907	287.88
Oil Line to Dock	1908	1,649.85
		\$5,751.15

2604 Derivation of Cost of Miscellaneous Items Not Listed in Inventory.

Seal Pump:	Description.	Date of acquisition.	Cost.
	4" x 4" x 6" Pump	1910 M	\$85.00
	Pipe Fittings 51.07, Pay Roll 32.64	" "	83.71
	Credited 1917		\$168.71
			138.71
			\$30.00
Pipe & Fittings—Purification App.:			
	8" Galv. Iron Pie & Fittings	1914 L	155.00
	Pipe & Fittings 70.39, Valve & Trap 23.56	" "	93.95
	Misc. Hdware .84 Pay Roll, etc. 97.03	" "	97.87
			346.82
Pipe & Fittings—Purification App.			
Pay Roll		1915 "	212.54
Pyrometer—Brown		1916 K	75.80
Steam Valves:			
	2" Valves 7.29	"	7.29
4 Steam Traps		1916 L	60.00
Freight and Cartage on Grate Bars		1917 G	15.10
Damper Regulator (#1 Duplex)		" "	75.00
1 2" 3 way & 1 2" 4 Way Valves		" K	49.09
Pipe, Fittings & Covering—Pur. App.		" L	
Bars		" "	6.34

Derivation of Cost of Miscellaneous Items Not Listed in Inventory.—Continued.

Description.	Date of acquisition.	Cost.	
Fittings	1917 L	70.13	
Labor	" "	12.61	
Oil Feed Pumps			89.08
3" Centrifugal Pump	" M		89.41
Pump 130.00, #2 Exhauster 15.00	" "	145.00	
Pulley and Pipe	" "	13.00	158.00
2605			
Hines Eliminator	1917 M	\$38.40	
Eliminator	" "	32.90	
Valves & Drilling	" "		\$71.30
Valves & Cocks	" "		8.63
Huber Hand Stoker	1918 G		
Stoker	" "	425.00	
Bricks	" "	49.90	474.90
Steam Line	" J		
Valves, Fittings & Gaskets	" "	202.37	
Bushings and Miscellaneous	" "	9.41	
Pipe Covering	" "	136.87	
Sprocket Rim & Chain \$1.40, Hardware 2.80	" "	7.20	

Pay Roll	10.11	761.85
Blast Mains		
Material and Labor		
Flanges and Rivets	412.24	
Valve \$33.60, Bolts & Washers	83.69	
	39.22	
Valves & Fittings—Purification App.		535.15
Fittings for Well Pump		
3 12" Valves	8.16	
Labor and Material for Air Pump	178.76	
Valves \$40, Pay Roll \$4.23	6.77	
	4.63	
Oiler		198.32
Pan Engine Regulator		
	12.25	
2606	92.00	
Steam Trap		
Steam Trap and Petty Cash	\$22.88	
Pay Roll	64.00	
Cochrane Separator & Petty Cash		\$86.88
Steel Laced Hose		117.51
Steam Line, Boiler to Generator House		11.23
		84.24

Derivation of Cost of Miscellaneous Items Not Listed in Inventory—Continued.

Description	Date of acquisition.	Cost.
Oil Line	1905	
195' 2" Pipe \$15.84, Flanges \$47	Aug.	15.31
Lumber	"	66.66
2" Pipe \$17.00, Valve \$1.35, Covering \$39.71	Dec.	58.05
		141.03
Condenser By-Pass	1907	
Material	Feb.	220.78
Freight	March	9.41
Labor	April	57.69
		287.88
Oil Line to Dock	1908	
2445' of 6" Pipe	November	1,117.05
Fittings	December	27.70
Labor of Laying	"	505.10
		1,649.85

Cost of Distribution System.

2607

Installed Aug. 1, 1904 to Dec. 31, 1908:

Mains	\$90,413.18
Services	20,802.60
St. Lamps	2,054.16
Meters	15,830.38
Meter Installation	11,495.01
Are Lamps	1,698.25

\$142,293.58

Installed since December 31, 1908:

Mains	\$290,525.81
Services	54,361.91
Meters	51,582.35
Meter Installation	16,043.22
Other Tangible Capital	753.75
Addition to Mains a/c Acquisition College Point System	\$413,267.04
Total Distribution System	6,357.00
	<u>\$561,917.62</u>

2608 *Cost of Additions to Office Equipment, 1904-1920.*

Description.	Date of acquisition.	Cost.
Inventory in 1909	\$2,045.00
Cabinet, Fan, Stamp Machine	1910	73.70
Desk	1911	20.00
Fan	1912	6.56
Cabinet, Desks, Chairs, Rug, Safe, etc.	1913	449.57
Typewriter, Envelope Scaler, Calculating Machine	1914	207.01
Cabinets, Desks, Chairs, Addresser.	1915	309.58
Typewriter, Adding Machine, etc.	1916	387.96
Safe, Stools, Fans, etc.	1917	232.90
Fan & Book case	1918	27.17
Underwood Duplicator	1919	40.00
Bryant Boiler	1919	133.34
		<u>\$3,932.79</u>

2609 *Cost of Additions to Store Equipment, 1904-1920.*

Description.	Date of acquisition.	Cost.
Fire Extinguishers	1909	\$29.00
Shelving \$15.00, Paper Holder \$4.50	"	19.50
Fire Extinguishers	1912	13.50
Lamp Post \$61.00, Foundation \$12.32	"	76.32
Sign	"	27.00
Fire Extinguishers \$61.75, Cash Tube \$75.00	1913	81.75
Fitting Rack & Table \$121.00	1915	121.00
Wax Figures \$30.00, Sign \$27.00, Sink \$31.50	"	88.50
Stove Casters \$7.70	"	7.70
Fire Extinguishers	"	8.00
Heating Appliances \$1.72 & Fittings, \$14.14	1916	11.20
Pipe & Fittings for Furnace	"	15.92
	1917	6.59
		\$505.98

2610 *Cost of Additions to Laboratory Equipment, 1904-1920.*

Description.	Date of acquisition.	Cost.
Pulmotor & Mask	1913	\$160.48
Adaptor & Wrenches	"	3.98
Jenkins Calorimeter	1916	220.00
Thermometers \$11.76, Tables \$4.50	"	16.26
Synchronizers \$12.00, Pail & Fittings \$41.73	"	13.73
Gauges \$75.34, Box \$33.48, Glass Enclosure \$51.52	"	159.94
Governors	"	6.00
Calorimeter Complete	1917	238.70
Barometer \$40.00, Recording Gauge \$37.67	1918	77.67
Gauge	"	29.00
		\$925.76

\$775.06

Description.	Date of acquisition.	Cost.
50' Tape	1905	\$2.50
First Aid Cabinet.....	1906	5.50
Ellcott Apparatus	1906	20.00
60" Bar Photometer.....	1907	350.00
Range Boiling Tank.....	1912	36.00
Pipe Locator	1913	65.00
Respirator	1916	40.00
Cyclone Cleaner Complete.....	"	117.50
Screw Bars	1917	35.00
Hose	1917	15.40
Service Pumps	1917	30.36
Stocks & Dies.....	1919	7.80
Thawing Equipment	1919	50.00
		<hr/>

2612 *Cost of Miscellaneous Items to Extent Separately Shown by Books.*

Description.	Cost.
Gas Engines & Appliances.....	\$46,473.77
Engineering and Superintendence on certain Items..	12,974.42
Interest on certain Items during Construction.....	1,555.29
Office development of Douglaston extension.....	2,092.16
Total	\$63,095.64

2613

COMPLAINANT'S EXHIBIT 97.

Comp. Ex. 97. May 28/20. J. A. F.

At a Stated Meeting of the Public Service Commission for the First District, Duly Held at Its Office, in the Public Service Commission Building, No. 49 Lafayette Street, in the Borough of Manhattan, City and State of New York, on the 17th Day of September, 1918.

Present:

Charles Bulkley Hubbell,

Chairman;

Travis H. Whitney,

Charles S. Hervey,

F. J. H. Kracke,

Samuel H. Ordway,

Commissioners.

Case No. 2330.

In the Matter of the Publication of and Filing with the Public Service Commission for the First District of Schedules Showing All Rates and Charges Made, Established, or Enforced or to be Charged or Enforced, All Forms of Contract or Agreement, and All Rules and Regulations Relating to Rates, Charges, or Service Used or to be Used, and All General Privileges and Facilities Granted or Allowed by Gas Corporations and the Time Within Which Changes Proposed to be Made in Such Schedules Shall Go into Effect.

Order Prescribing Regulations as to Filing of Rate Schedules by Gas Corporations.

It is hereby ordered:

I. That every gas corporation subject to the jurisdiction of the Public Service Commission for the First District of the State of New York, shall, within fifteen (15) days after the service upon it of a

certified copy of this Order, file with this Commission a printed schedule showing all rates and charges heretofore made and established, and now being charged or enforced, or hereafter to be charged or enforced, for gas supplied by it to consumers within any territory served by it, together with any and all forms of contract or agreement, and any and all rules and regulations, relating to rates, charges or service, used or to be used, and all general privileges and facilities granted or allowed, by it, to any of its consumers, and such company shall, from and after the date of such filing, keep posted and open for public inspection, as hereinafter provided, copies thereof.

II. From and after the date of such filing, unless the Commission, for good cause shown and upon such conditions as it may prescribe, otherwise orders, no change shall be made by any such gas corporation in any rate or charge, form of contract or agreement or any rule or regulation relating to any rate, charge or service, or in any general privilege or facility, which shall have been filed and published in compliance with the terms and provisions of this Order, except after thirty (30) days' notice to the Commission and after publication, in the manner hereinafter provided, for thirty (30) days, and except after application to the Commission where required by law.

General Form of Schedule.

III. All such schedules and all revisions thereof shall be printed on paper of good quality in loose sheet form 8½ by 11 inches in size, so fastened together that any sheet may be removed, a revised sheet substituted or additional sheets inserted.

Contents of Schedule.

IV. Each schedule shall consist of a double sheet used as a cover and title page, and shall contain, in the order named:

- (a) A table of contents;
- (b) Any necessary preliminary statement;
- (c) A statement of each rate charged and, where different rates are charged in different districts within the territory supplied, a statement defining the boundaries of each such district and setting forth the rate or rates charged within each thereof.

Title Page.

V. The title page of every schedule shall show in full:

- (a) The name and address of the corporation.
- (b) The serial number of the schedule with proper prefix.
- (c) The area to which the schedule applies.

(d) The date of issue, the date of posting, and the date upon which it became or is proposed to become effective.

2615 (e) The name, title and address of officer by whom issued.

(f) In the upper left-hand corner the words "Any amendment to this Schedule will be made by issuing a new or revised individual sheet or sheets, filed to become effective as noted thereon."

Standard Sheets.

VI. The Standard Sheet shall be $8\frac{1}{2}$ inches wide by 11 inches long. When convenient, printed matter may be placed upon both sides of such sheets. The "type-page" shall be not larger than $6\frac{7}{8}$ inches by $8\frac{3}{4}$ inches and shall be so placed upon each sheet as to leave not less than the following margins: $1\frac{1}{2}$ inches at the top; $\frac{1}{2}$ inch at the right-hand side; $1\frac{1}{8}$ inches at the left-hand side, and one inch at the bottom. Perforations or holes for binding or filing shall be in the left margin of each sheet.

The margin at the top shall show:

(a) On the left-hand side, the name and the post-office address of the corporation filing the schedule or supplement.

(b) On the right-hand side, the number and prefix of the schedule (e. g., Con. G. Co. No. 1), with a designation showing whether it is an original or a revised sheet. If a revised sheet, it shall give notice of cancellation, state the sheet or sheets which it cancels, and the date upon which such cancelled sheet or sheets became effective (e. g., Con. G. Co. No. 1, Revised Sheet No. 1; Cancelling Original Sheet No. 1, effective Jan. —, 19—). Subsequent issues shall be consecutively designated Second Revised, Third Revised, etc.

The margin at the bottom shall show:

(a) On the left-hand side, the date of issue.

(b) On the right-hand side, the date upon which it became or is to become effective.

(c) If a revised sheet, a brief statement (in bold-faced type) of the charges, and the date upon which it is to become effective.

(d) If issued under the special permission, or an order, of the Commission, the date and number of such special permission or order.

(e) The name and post-office address of the officer or agent of the gas corporation who is responsible for the filing of the schedule sheet.

VII. The table of contents shall contain a full and complete statement of the contents of the entire schedule, arranged in the order of the sheets. Under general headings referring to sheet numbers,

here shall be shown in a separate column the date when each revised sheet became effective. A revised table of contents shall be published and filed simultaneously with the publication and filing of each revised sheet.

Preliminary Statement.

VIII. The preliminary statement shall describe:

- (a) The territory served by the corporation.
- (b) How the corporation's services can be obtained, in detail, stating the kind of application or contract which is required to be signed, the deposit, if any, required, and what must be done by the applicant.
- (c) The type of service to which the rates apply, including boundaries of different types.

Rate Sheets.

IX. Rate sheets shall contain the following:

- (a) Designation of Rate.—A designation of each rate sheet by a letter and title of the rate (e. g., "Rate A—General Service").
- (b) Availability of Service.—A statement as to the availability of the service, describing the class of customers to whom the rate is applicable and any limitation of that class.
- (c) Rate.—The rate and charge for the furnishing of gas or any apparatus in connection with the use thereof or any privilege, giving the basis or unit rate or rates, or series of unit rates used in computing the total charge to the customer, and spelling technical terms full without abbreviations.
- (d) Discounts.—If any discounts, or reductions in unit rates, are allowed, or any additions are made, a full explanation of the conditions under which the same are allowed or are made.
- (e) Determination of Demand.—If the rate used be a demand rate, the exact method of determining the demand.
- (f) Minimum Charge.—The amount of minimum charge to be guaranteed, if any be required, and the basis of such charge.

17 (g) Standard Riders.—All riders which may be applied to the particular rate shall be referred to by the number given to the rider upon the sheet or sheets containing Standard Riders.

(h) Term.—The term of the contract relative to its duration, renewal or cancellation.

(i) Terms and Conditions.—Any terms and conditions applying especially to the particular rate, and a reference to the sheet number upon which may be found the standard "Terms and Conditions of Service" applicable to all contracts.

(j) The date or dates on which any rate or rates at the time being charged for gas went into effect; and

(k) The authority by or pursuant to which such rate or rates were prescribed or put in force.

(l) If a revised sheet, a brief statement (in bold-faced type, in the margin at the bottom) of the changes.

Terms and Conditions.

X. On this sheet or sheets shall be set forth an exact copy of all of the terms and conditions and rules and regulations which may be contained in any form of contract or schedule rates which in any way affect the furnishing in the first instance, or the continuance or discontinuance of any service.

Standard Riders.

XI. On this sheet shall be set forth an exact copy of every Standard Rider containing any terms and conditions and any rules or regulations, applicable to any rate or service described on the rate sheets, each rider under separate number, so that each such rider may be readily identified and referred to in the Rate Sheets.

Any corporation may in its discretion insert in any contract a standard clause relating to any minor service condition, provided such standard clause shall first have been submitted by the said corporation to, and approved by, the Commission.

Forms of Contract.

XII. Where any form of contract is printed, mimeographed or manifolded, one copy thereof shall be filed with the Commission and one copy attached to each copy of the schedule kept open for public inspection as hereinafter provided.

2618

Cancellation or Revision of Schedule.

XIII. (a) A schedule or rate sheet may be cancelled only by a new schedule or revised rate sheet, and the superseded schedule or rate sheet shall be replaced by the new schedule or rate sheet.

(b) A revised sheet shall be placed in the Schedule (which shall be properly bound for that purpose) immediately following the sheet which it is to supersede; on the date when such revised sheet becomes effective the sheet which it supersedes shall be removed from the Schedule.

(c) If a schedule be cancelled by the issuance of a new schedule, notice of cancellation must be printed in the new schedule, making specific reference to the number of the schedule cancelled.

Single Schedule.

XIV. Only one schedule, including the revised sheets, for each corporation may be in effect at any time.

Notice of Issue.

XV. (a) The title page of every schedule and each sheet thereof must show full thirty (30) days' notice, or bear a plain notation of the number and date of the special permission or order of the Commission, under which it is to become effective on less than the regular notice; e. g., "Issued on — days' notice to public and Commission, under special permission (or order) of the Public Service Commission for the First District, State of New York, No. — of date —."

(b) Changes of schedule may be permitted by the Commission on less than the regular thirty (30) days' notice, but such permission will be granted only in cases where actual emergency or substantial merit be shown, or where the change reduces a rate. Application, duly verified, for permission to put in force a schedule or revised or additional sheet or sheets on less than thirty (30) days' notice, shall be addressed to the Public Service Commission for the First District, State of New York, New York City, N. Y., in the form hereinafter prescribed, and must be over the signature of the officer charged with the preparation, posting and filing of schedules, and must specify his title. Action will be taken only upon receipt of the verified application.

2619

Withdrawal of Change.

XVI. After notice of a proposed change in a schedule has been filed and published, the new schedule or revised sheet must be allowed to go into effect and cannot be withdrawn, cancelled, superseded or amended, except upon notice filed and published for at least thirty (30) days after the date upon which the schedule became effective, or upon shorter notice if allowed by the commission.

Copies to be Available for Distribution.

XVII. Printed copies of all schedules in force or to be put in force shall, except as herein otherwise provided, be kept posted or at least thirty (30) days before being put into effect or for such shorter time as may be authorized by the Commission, in two public and conspicuous places in every office or place where applications or service are received, in such manner as to be readily accessible to and conveniently inspected by the public. Every consumer, or applicant for service, shall be entitled to a printed copy of any schedule in force upon payment of a reasonable price therefor; every such copy shall bear a stamp or endorsement stating that such

schedule may be changed in accordance with law or the orders of the Public Service Commission for the First District.

Filing of Schedule.

XVIII. (a) Every schedule and every revised or additional sheet shall be filed with the Commission by the proper officer of the corporation.

(b) Every schedule and every revised or additional sheet filed with the Commission shall be accompanied by a letter of transmittal in duplicate. The original will be retained by the Commission and the duplicate will be stamped and returned to the filing corporation as its receipt for the schedule or sheets covered thereby.

(c) All schedules filed with the Commission must bear consecutive serial numbers prefixed by an abbreviation of the corporation's name commencing with No. 1 for each corporation (e. g., Con. G. Co.—1 N. Y.—No. 1).

(d) Schedules and revised or additional sheets sent for filing must be addressed to the Secretary of the Public Service Commission for the First District, at the principal office address of the Commission.

2620 (e) Any schedule or sheet which is not numbered consecutively with the last number filed must be accompanied by a memorandum explaining the omission of the missing number or numbers.

(f) If a schedule or revised or additional sheet be rejected by the commission as unlawful, or as not in accordance with the terms of this Order, such schedule or sheet shall not thereafter be referred to as cancelled, amended or otherwise, except to note on publication issued in lieu of such rejected schedule or sheet "In lieu of —, rejected by Commission," nor shall the number which it bears be again used.

(g) No schedule or sheet will be accepted for filing unless it be delivered to the Commission, free from all charges or claims for postage, sufficiently in advance of the date upon which it is stated to become effective. No consideration will be given to or for the time during which a schedule or sheet may be held by the Post-Office authorities because of insufficient postage. Schedules or sheets filed and issued without proper notice to the Commission will be returned to the sender. Full notice must be given of any reissue thereof, and correction of the neglect or omission cannot be made which takes into account any time elapsing between the date upon which such schedule or sheet was received and the date of attempted correction.

(h) No consideration will be given to telegraphic notices in computing the thirty (30) days required.

(i) If publication be not according to these regulations this may be considered by the Commission sufficient cause for rejection of the schedule or sheet when tendered for filing.

2621 Form of Letter of Transmittal and of Application.

XIX. The following forms on paper 8½ by 11 inches in size are prescribed for use:

(a) Form of Letter of Transmittal.

.....
(Name of corporation)

(Date)

Advice No.

To the Public Service Commission for the
First District of the State of New York,
New York, N. Y.

Dear Sirs: The accompanying schedule or sheet.....
sent to you for filing in compliance with Order in Case No. 2330
of the Public Service Commission for the First District, issued by
..... bearing
..... Schedule of..... Co.
No.....; or

Sheet No..... to Co. No.....

Revising Sheet No..... (Cancelling original or revised

Sheet No.....) Effective....., 19.....

.....
(Name of corporation)

.....
(Place and date)

(b) Form of Application.

To the Public Service Commission for the
First District of the State of New York,
New York, N. Y.

Dear Sirs: The Co.,

by
(Name of officer)

its..... hereby applies under
(Title of officer)

2622 Order in Case No. 2350 of the Public Service Commission for the First District for an order granting permission to put in effect.....days after publication at offices and filing with the Commission the following schedule or sheet:

The proposed change in intended to be published in schedule of Co. No., Sheet No. and will revise Sheet No., cancelling original (or) revised Sheet No. or Schedule No.

This application is based upon the following special circumstances and conditions:

.....
(Name of corporation)

By
(Officer) (Title)

2623

Affidavit.

STATE OF NEW YORK,

County of ss:

....., being duly sworn, says that he is the officer above named, that he has read the foregoing application and knows the contents thereof, and that the same is true to his own knowledge, except as to the matters therein specifically stated as made on information and belief, and that as to those matters he believes it to be true.

.....
(Name of affiant)

Subscribed and sworn to before me
this day
of 19...

.....
Notary Public.

Exception of Certain Contracts.

XX. Nothing herein shall be construed as applicable to schedules of rates and forms of contracts relating to service rendered to the City or State of New York, or to the United States Government, save that every gas corporation shall file with the Commission a copy of every contract relating to such service made with the City or State

of New York or with the United States Government, within ten (10) days from the receipt of the signed contract by the company, but in no event shall more than three (3) months from the date of signing of any such contract be allowed to elapse before a copy thereof shall be filed with the Commission.

Nothing herein shall be construed as applicable to any contract between a gas corporation and any other gas corporation relating to service rendered to such corporation, save that every gas corporation shall file with the Commission a copy of every such contract within ten (10) days from the date of execution thereof.

Effective Date.

XXI. This order shall take effect September 17, 1918, and shall continue in force until abrogated or modified by the Commission.

2624

Notice of Acceptance.

XXII. Every gas corporation within the jurisdiction of the Public Service Commission for the First District of the State of New York shall notify the Commission within ten days after service upon it of a certified copy of this Order whether the terms of this Order are accepted and will be obeyed.

By the Commission,
[SEAL.]

JAMES B. WALKER,
Secretary.

2625 STATE OF NEW YORK,
County of New York, ss:

I, James B. Walker, Secretary of the Public Service Commission for the First District, do hereby certify, that I have compared the above with the original approved by said Commission on September 17, 1918, and that it is a correct transcript therefrom and of the whole of the original.

In testimony whereof, I have hereunto subscribed my hand and affixed the seal of the Commission, this 28th day of April, 1920.

JAMES B. WALKER,
Secretary.

2626

COMPLAINANT'S EXHIBIT 98.

Comp. Ex. 98, May 28 20. J. A. F.

At a Stated Meeting of the Public Service Commission for the First District Duly Held at Its Office, Number 154 Nassau Street, in the Borough of Manhattan, City and State of New York, on the 20th Day of May, 1913.

Present:

Edward E. McCall,

Chairman;

Milo R. Maltbie,

John E. Eustis,

J. Sergeant Cram,

George V. S. Williams,

Commissioners.

Case No. 1453.

In the Matter of the Application of the Consolidated Gas Company of New York for Authority to Purchase the Stock of New York and Queens Electric Light and Power Company and the New York and Queens Gas Company under Section 70 of the Public Service Commissions Law.

Order Granting Application.

Application having been made to this Commission by the Consolidated Gas Company of New York by petition dated and verified January 18, 1912, pursuant to the provisions of Section 70 of the Public Service Commissions Law, for authority to purchase, acquire, take and hold all the outstanding common stock of the New York and Queens Gas Company and all the outstanding common stock and all the outstanding preferred stock of the New York and Queens Electric Light and Power Company; and a hearing having been duly had by and before the Commission upon said application on January 31, 1912, and on certain adjourned dates to and including November 12, 1912, Honorable Milo R. Maltbie, Commissioner, presiding, Shearman and Sterling, by John A. Garver of counsel, appearing for the Consolidated Gas Company, Edward M. Stothers appearing for Monton B. Metcalf, a stockholder of the New York and Queens Electric Light and Power Company, and Arthur DuBois, 2627 Assistant Counsel, attending for the Commission; and testimony having been taken upon said hearing; and it having been made to appear by the proceedings on said hearing that said Consolidated Gas Company of New York has acquired an option on all the outstanding common stock of the New York and Queens Gas Company and has acquired an option on a majority of the outstanding common stock and outstanding preferred stock of the New York



Complainants Exhibit 99

TREASURY DEPARTMENT,
U. S. INTERNAL REVENUE
FORM 1-17.

ORIGINAL.

NOTICE AND DEMAND FOR TAX AND RECEIPT—REGULAR

Collector's Office. 1st District of N Y

At Brooklyn 7-16-19

Notice is hereby given that there has been assessed against you the amount set opposite the name appearing in this notice as liable to tax. Demand is made for the payment of said tax on or before the date given below. Failure to do so will cause a 5 per cent penalty to accrue with interest as 1 per cent per month from the date until paid.

Due date 7-26-19 Bertson Garbner

Collector of Internal Revenue

N Y & Queens Gas Co.,
88 Main Street
Washington, N Y

This notice must be presented at the time payment is tendered, as when properly stamped "paid" by the collector it becomes a receipt for taxes. See instructions on back.

NOT BY CHECK No 3662

DATE 7-24-19

May 25 0

1000 1000

For period ended

TAXES, PENALTIES, ETC.

Amount of tax \$ 473.00

50 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

5 per cent penalty

Payment may be made in currency, post-office money order, draft, or certified check on a National or State bank or trust company providing that such check can be collected without cost to the Government. It should also be borne in mind that the date when such check may be cashed and the money deposited is the date of payment, and allowance should be made accordingly. Collectors can not receive payment of taxes uncertified checks, personal checks, drafts, or vouchers, and all indorsements by collectors on certified checks are made without recourse. Money orders, drafts, and certified checks must be made payable to the Collector of Internal Revenue.

Date Bill Rec'd.. 7-2-19 Date Goods Rec'd..
Rec Book.....
Quantity O. K.
Add & Ext. O. K.
Case No.
Received Taxes 473.00
Approved *[Signature]* General Manager

PAID
7-28-19
Cashier
1st Dist. N. Y.

2629

and Queens Electric Light and Power Company; and the Commission being of the opinion that said application should be granted, it is

Ordered that the purchase and acquisition by the Consolidated Gas Company of New York of all the outstanding common stock of the New York and Queens Gas Company and of all the outstanding common stock and all the outstanding preferred stock of the New York and Queens Electric Light and Power Company be and the same hereby are authorized; provided, however, and this order is upon the express condition that if within one year from and after the date of this order any of the holders of the preferred stock of the New York and Queens Electric Light and Power Company shall offer the same to the said Consolidated Gas Company of New York, said Consolidated Gas Company of New York shall purchase and accept the same and pay therefor not less than 76.13% of the par value thereof, and if within one year from and after the date of this order any of the holders of the common stock of the New York and Queens Electric Light and Power Company shall offer the same to the said Consolidated Gas Company of New York, said Consolidated Gas Company of New York shall purchase and accept the same and pay therefor not less than 55.64% of the par value thereof.

By the Commission.

TRAVIS H. WHITNEY,

[SEAL.]

Secretary.

2628 STATE OF NEW YORK,

County of New York, ss:

I, Travis H. Whitney, Secretary of the Public Service Commission for the First District, Do Hereby Certify, that I have compared the above with the original adopted by said Commission on May 20, 1913, and that it is a correct transcript therefrom and of the whole of the original.

In Testimony Whereof, I have hereunto subscribed my hand and affixed the seal of the Commission, this 20th day of May, 1913.

[SEAL.]

TRAVIS H. WHITNEY,

Secretary.

(Here follows reproduction of Complainant's Exhibit No. 99, marked pages 2629 and 2630.)

2631 COMPLAINANT'S EXHIBIT #100-104, INCLUSIVE.

Pages from monthly reports of Complainant Company, showing gas made, etc., for the years 1918, 1917, 1916, 1915, 1914 and 1913.
Not printed.

2632

COMPLAINANT'S EXHIBIT 105.

Working & Construction Capital—N. Y. & Queens Gas Co.

Comp. Ex. 105.

	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.
Materials & sup- plies, appli- ances, etc., . .	10	10	10	10	12	13	14	14	14	15	15	15	20	35	40	35
(M. & S. Acct.)																
Operating Exp. advanced . . .	4	6	7	8	9	10	10	11	12	10	10	10	12	15	20	20
Cash	2	3	4	4	5	6	8	8	9	9	10	10	10	12	15	15
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total . .	16	19	21	22	24	28	31	33	35	33	35	37	47	65	80	70
Rounded off . .	18	20	22	22	25	30	35	35	35	35	40	45	50	65	80	70

2633

COMPLAINANT'S EX. 106.

STATE OF NEW YORK:

Public Service Commission, First District.

In the Matter of the Gas and Electric Rates Charged by the QUEENS
BOROUGH GAS & ELECTRIC COMPANY.

Informal Proceeding.

Opinion of the Commission.

Commissioner MALTBIE:

This proceeding is the first of its kind before the Commission. The company against which complaint was originally made as to its rates for gas and electricity has voluntarily offered to accept the determination of the Commission and to put into effect, at least for one year, whatever rates the Commission may decide are reasonable and proper.

This matter first came before the Commission under Section 71 of the Public Service Commissions Law, which provides that "upon the complaint in writing of not less than 100 customers or purchasers of such gas or electricity * * * as to * * * the price of gas * * * or price of electricity sold and delivered in such municipality, the proper commission shall investigate as to the cause for such complaint." Two petitions were filed, each purporting to contain the names of more than 100 consumers, one relating to gas and one relating to electricity. As these complaints were apparently in proper form, hearing orders were adopted by the Commission and formal proceedings instituted, as provided for by law. Certain complainants were represented by counsel and the company by its president and counsel.

2634

Present Rates.

At the time the complaints were made, the company was charging ordinary consumers of gas \$1.30 per M cu. ft., and the minimum rate was \$1.25. The city was paying 75 cents.

The electric rates, as is usually the case, had much greater variations. The highest was 15 cents per k. w. h. paid by the vast majority of consumers and generally by those who initiated this proceeding. The lowest was 3½ cents for wholesale power for pumping purposes during certain hours. The city paid from \$65 to \$100 per lamp per year for street arc lamps, burning all night, and 10 cents per k. w. h. for general municipal lighting.

None of the rates of the present company or of its predecessor companies has ever been regulated by statute except those charged the City of New York, as above stated. The legislation of 1905 and 1906, fixing gas and electric rates generally in Greater New

York, did not affect the Fifth Ward of the Borough of Queens, except as to public lighting. This area is supplied only by the Queens Borough Gas and Electric Company. The district outside of Greater New York is without any limit whatsoever.

The rates in neighboring areas of the city are much lower than in the Fifth Ward. In other sections of the Borough of Queens, gas consumers do not pay more than \$1.00 per M cu. ft., and many pay only 80 cents. The range in Brooklyn is the same. The maximum electric rate in these two boroughs, outside of the Fifth Ward of Queens, is 12 cents per k. w. h.

This marked difference is doubtless the principal cause of the pending complaints. The residents of the area supplied by the Queens Borough Company do not understand why they should be charged 25 per cent more than persons living not far distant. Others who live during the winter in Brooklyn or Manhattan pay 60 per cent more in their summer homes in Rockaway, and it seems inexplicable. If Brooklyn and other portions of Queens can be supplied with gas at 80 cents or \$1.00, and electricity at 12 cents, why can not the rates in the Fifth Ward be reduced below \$1.30 and 15 cents, they ask.

When this matter first came up, the company claimed it had reduced its rates as rapidly as it could afford to, stating that since 1902 the following changes had been made:

2635

Gas.

June 1, 1902 to May 1, 1904.....	\$1.80 max.	\$1.60 min.
May 1, 1904 to Nov. 1, 1906.....	1.60 "	1.40 "
Nov. 1, 1906 to Jan. 1, 1909.....	1.40 "	1.35 "
Jan. 1, 1909 to present.....	1.30 "	1.25 "

Electricity.

July 1, 1902 to Nov. 1, 1906.....	\$.20 max.	\$.048 min.
Nov. 1, 1906 to Jan. 1, 1909.....	.15 "	.04 "
Jan. 1, 1909 to present.....	.15 "	.035 "

The company offered to continue these reductions and to make the rates for general consumption \$1.25 for gas and 14 cents for electricity for the year 1911 and to reduce prices still further if the finances of the company would warrant it. The proposal was not approved by all, and as the company perceived that unless the changes were generally accepted, the matter would be brought before the Commission and a decision obtained, it decided to allow the case to proceed.

Company Agrees to Accept Rates.

Early in the proceedings questions arose as to the jurisdiction of the Commission, the assertion being made by the president of the company that certain names attached to the complaints were of persons who were not "customers or purchasers," and consequently that

the complaint was defective and did not comply with the provisions of statute. Subsequently, the company withdrew these objections, and the Commission proceeded to take evidence. The complainants presented nothing. The company submitted considerable data, but before it had proceeded far, although several weeks had elapsed, it transmitted a communication in which it referred to the large expense and inconvenience to which it would be put in order to complete its side of the cases. The communication closed with this paragraph:

"The Company, therefore, in the interest of economy, and in justice to itself and its consumers, asks the Commission to establish maximum gas and electricity rates for the Company, and hereby agrees to put them in force at any time after January 1st, 2636 1911, the date to be fixed by the Commission and to continue them in force during the year 1911 and give them a full, fair and complete trial so as, if possible, to make them a success, without prejudice at the end of the year 1911 to any new proceedings that may be instituted."

The company having agreed to accept the determination of the Commission in advance of its decision, the Commission decided to adjourn the formal proceedings and to finish the consideration of the various factors involved through open, informal conferences with the complainants and the representatives of the company. When there is the possibility that the record may be reviewed by writ of certiorari, the procedure tends to become formal and technical. Every party concerned hesitates to be free and open, for fear that some slip or inadvertent admission may be used against him. Exceptions to rulings are generously made in order that every possible point may be reserved. The record often becomes verbose, cumbersome and discursive without clearly setting forth the fundamental facts.

Findings.

The informal proceedings, of which a record has been kept and in which the various factors have been freely and frankly discussed, have just been closed, and the Commission now announces the following conclusion as to rates in the Fifth Ward, Borough of Queens:

- (a) That the maximum rate for gas from July 1, 1911 to January 1, 1912 shall be \$1.20 per thousand cubic feet;
- (b) That the maximum rate for gas from January 1, 1912 to July 1, 1912 shall be \$1.15 per thousand cubic feet;
- (c) That the maximum rate for electricity from July 1, 1911 to July 1, 1912 shall be 13 cents per kilowatt hour.

The Commission is considering a sliding scale plan to be put in operation July 1, 1912, through which to secure for consumers reductions in rates from time to time and for the company the returns attributable to efficient management.

Corporate Relationships.

The Queens Borough Gas and Electric Company is the resultant of several corporations. The earliest one doing a gas business was the Rockaway Gas Light Company, incorporated February 19, 1880. All of the rights and property of this company evidently passed to the Town of Hempstead Gas and Electric Light Company in 1882, but the records do not clearly show how they were acquired. The Town of Hempstead Company was incorporated May 20, 1882, and continued its corporate existence until September 19, 1902, when it was merged with the Queens Borough Gas and Electric Company. All of its rights and property had been acquired by the Queens Borough Company on July 1st of that year.

The first electric company appears to have been the Rockaway Electric Light Company, incorporated in New Jersey on May 8, 1890. This corporation as a legal entity has never been terminated, but its assets passed to the Queens Borough Electric Light & Power Company. The latter was subsequently merged into the Queens Borough Gas & Electric Company, which even yet claims to hold in its treasury all, or practically all, of the Rockaway Electric Light Company bonds. Interest on these bonds is not being paid and foreclosure proceedings have not been pressed.

The Citizens Lighting Company was incorporated March 22, 1892, and operated, to some extent at least, until June 29, 1898, when it sold its property and rights to the Queens Borough Electric Light and Power Company. The former company was never merged with the latter, but it has ceased to do business and, apparently has no property of any sort.

The Queens Borough Electric Light and Power Company was incorporated February 28, 1898. It immediately acquired certain rights from individuals, and on June 29, as above stated, it took over all of the property and rights of the Citizens (Electric) Lighting Company. It continued its corporate existence until September 19, 1902, when it was merged with the Queens Borough Gas and Electric Company, its property having been acquired by the latter company on the first day of the preceding July.

Upon May 29, 1902, when the Queens Borough Gas and Electric Company was incorporated, the Town of Hempstead Gas and Electric Company was doing a gas business, and the Queens Borough Electric Light and Power Company was doing an electric supply business. The new company was formed to combine these two businesses and on July 1st their rights and property were acquired and the corporations were merged with the new company on September 19, 1902.

The first important factor in a rate case is the fair value of the property actually and necessarily devoted to public use, and one nat-

usually turns to the records of the company for light. Unfortunately, the Commission has been unable to get the records of the Rockaway Gas Light Company and the Rockaway Electric Light Company. The early records of the other companies are so incomplete that it is impossible to trace the financial operations of the various companies and to ascertain the actual results of operation from year to year. Certain information is obtainable, however, relating to the assets and liabilities of the two companies at the time when they were taken over by the Queens Borough Gas and Electric Company in 1902.

The Town of Hempstead Company had the following liabilities according to its books upon June 30, 1902:

Capital stock	\$125,000.00	
Bonds	150,000.00	
Current liabilities	86,464.08	
Surplus	15,756.63	
		<hr/> \$377,220.71

No records have been found to show whether any money or property was received for the capital stock. The bonds were issued for cash to the extent of \$67,000, discounts \$10,000, plant and improvements \$50,000, and unknown \$23,000. The current liabilities and surplus were represented by current assets amounting to \$25,990.42; the remainder—\$76,230.29—having been charged to "real estate, plant and machinery," a ledger account. The assets were as follows according to the books:

Current assets	\$ 25,990.42	
Discounts on bonds	10,000.00	
"Real estate, plant and machinery"	341,230.29	
		<hr/> \$377,220.71

It is impossible to trace \$148,000 of the latter item, and \$50,000 in bonds, par value, were issued to one person for construction of the original plant and improvements thereon. There is nothing to show what was the value of the plant as it then existed, but from various sources it is evident that it was in poor condition and expensive to operate.

2639 The Queens Borough Electric Light and Power Company had outstanding upon June 30, 1902, according to its books, the following liabilities:

Capital stock	\$410,000.00	
Bonds	250,000.00	
Current liabilities	40,635.82	
Surplus and reserve	21,311.47	
		<hr/> \$721,947.29

The capital stock and bonds—par value \$660,000—had been issued for the following purposes:

Cash paid to Company.....	\$172,800.00	
"Franchise".....	238,050.54	
Discounts reported by trustee..	5,000.00	
Commissions.....	16,500.00	
Premiums on securities bought.	3,268.75	
Citizens Lighting Co. purchased	45,000.00	
Other stocks and bonds.....	1,707.50	
"Advance".....	5,000.00	
"Services".....	2,000.00	
Interest and legal expenses...	6,039.83	
New construction and land....	12,260.16	
Sanderson & Porter, engineers (no details given for most of this amount).....	150,481.22	
Uncertain and miscellaneous...	3,392.00	
		<u>\$661,500.00</u>

Reconstructing the asset side of the account, we have:

Current assets.....	\$ 27,463.25	
Investments.....	20,324.76	
"Franchise".....	238,050.54	
Discounts, commissions and premiums.....	24,768.75	
Interest, legal expenses, "serv- ices" & "advance".....	13,039.83	
Citizens Lighting Co.....	45,000.00	
Other stocks and bonds.....	1,707.50	
"Property and construction"...	351,592.66	
		<u>\$721,947.29</u>

2640 All but the first two items were charged to the ledger account, "property and construction." It is impossible to say exactly how much represented actual investment in the physical property and how much in other items, such as discounts, commissions, legal expenses, engineering, etc., for many items are grouped under one heading and no details given.

Original Capitalization of Present Company.

In the following table, under the heading "Combined Companies, June 30," appear the entries of the two companies upon the day prior to their taking over by the new company. In the second column appear the opening entries of the new company upon July 1, 1902:

Liabilities.

	Combined Cos. June 30, 1902.	Queens Borough Co. July 1, 1902.
Capital stock	\$535,000.00	\$2,000,000.00
Bonds, par value.	400,000.00	1,600,000.00
Current liabilities	127,099.90	22,302.74
Surplus and reserve. . . .	37,068.10
Total	\$1,099,168.00	\$3,622,302.74

Assets.

Current assets	\$53,453.67	\$42,500.33
Investments.	20,324.76	20,000.00
"Property and construction"	1,025,389.57	3,559,802.41
Total	\$1,099,168.00	\$3,622,302.74

Examination of the above shows an increase in one day in capital stock and bonds of \$2,665,000, offset in part by decreases in other liabilities, making a net increase in real liabilities of \$2,523,134.74. Upon the asset side, one notes that investments and current assets were somewhat decreased. The increase in "property and construction," \$2,534,412.84, is a balancing entry merely. These great changes in the accounts between June 30 and July 1, 1902, merit an explanation.

The minutes of the first meeting of the stockholders of the new company, held June 23, 1902, show that a Mr. Caleb A. Burbank offered to sell to that company the entire capital stock (par value \$535,000) of the Queens Borough Electric Light and Power Company and the Town of Hempstead Gas and Electric Light Company, and also a license to manufacture gas from garbage and all animal and vegetable matter by a patented process called the Harris Process. In return, Mr. Burbank was to receive in securities of the new company stock having a par value, full paid, of \$1,990,000 and bonds, face value, \$1,200,000—a total of \$3,190,000. A careful examination of the records fails to reveal the transfer to the new company of any other property, rights or licenses. The offer of Mr. Burbank concludes:

"As to the Harris Process for making gas from animal or vegetable matter or waste, the exclusive right of the use of which in that section is also included in this proposed sale to you, two benches for its operation are already constructed upon the property and a contract virtually consummated for the delivery thereto of 25 tons of garbage per day, from which from 150,000 to 250,000 cubic feet of gas, of 30 candle power and over 800 B. T. U. can be made, for the cremation of which the Gas Company is to be paid \$1 a ton or \$150

per week, which will more than pay the cost of running the benches and making the gas, the latter costing nothing in the holder. With sufficient garbage furnished [at] this contract rate, the value of this process and the right to use it, is so great that at the present rates of paying for gas, it alone would earn at least 4% upon \$2,000,000 capitalization."

The prospect of 30 c. p. gas delivered in the holder without cost was indeed attractive, but unfortunately the representations of the vendor were never realized. The process was given a full trial, proved a failure and was abandoned. The company's loss included not only the capital issued for the process but the expense connected with the construction and operation of the experimental plant.

The assets of the company upon July 1, 1902, according to the records now available, may be grouped as follows:

Current assets	\$42,500.33
Investments	20,000.00
Franchises	238,050.54
Discounts, commissions and premiums	34,768.75
Interest, legal expenses, etc.	13,039.83
Stocks and bonds	1,797.59

2642

Brought Forward	\$350,063.95
Citizens Lighting Co.	45,000.00
Property and Construction	692,822.95
Harris Process (worthless)	2,655,000.00

Total	\$3,742,889.90
Less undistributed credits	120,587.16

Net assets	\$3,622,302.74
------------------	----------------

Of this amount, less than \$800,000 represented the cost of physical property. It is impossible to fix even an approximate figure, for no details are given for about \$200,000 of this amount. The present stockholders are in no way to blame for the inadequacy of the old records, and the fact is stated here principally to show that the accounting entries prior to 1902 are of little aid in determining the fair value of the property. There is considerable information to show that the plant was in poor condition. For example, the amount of gas unaccounted for was high; no depreciation had been written off; extensive repairs had to be undertaken by the new management; and operating records were almost entirely lacking.

Changes in Capital Accounts.

The following table shows the condensed balance sheet of the company upon December 31, 1910, and the changes since July 1, 1902:

Liabilities.

	Dec. 31, 1910.	Increase, 1902-1910.
Capital stock	\$2,000,000.00
Bonds	2,000,000.00	\$400,000.00
Mortgage	33,000.00	33,000.00
Current liabilities	180,443.37	158,140.63
Reserves and surplus	190,322.58	190,322.58
Total	\$4,403,765.95	\$781,463.21

Assets.

Current assets	\$98,408.72	\$57,208.39
Investments	D20,000.00
Prepayments and suspense	4,593.36	4,593.36
Materials and supplies	26,230.00	24,930.99
Fixed capital	4,274,532.88	714,730.47
Total	\$4,403,765.95	\$781,463.21

2643 The accounts also show that the increase in fixed capital was paid for by the sale of bonds and investments, by the issuance of a mortgage and bills payable, by increases in other liabilities and by accumulations from earnings for depreciation and other reserves. In addition Mr. V. Everit Macy, the largest stockholder of the company, has advanced \$105,388.44 for additions and betterments. This item does not appear among the liabilities, and the Commission is advised that Mr. Macy does not expect to be repaid. It is explained that the company needed money and that Mr. Macy generously furnished it. No entry has been made of these additions among the assets, but they are in use and have been used for some time.

Besides the above, \$160,685.96 were written off as depreciation in three years, making the total amount charged upon the books of the company as additions between July 1, 1902, and December 31, 1910, \$980,804.87. Of this amount, \$434,213.23 were for additions to gas plant, \$508,237.66 to electric plant and \$38,353.98 to general property.

Appraisal of Physical Property.

It is evident from the above facts that the accounts of the company do not show the fair value of the property at the present time. An inventory and appraisal of the property was begun by engineers employed by the company about the time the formal proceedings were instituted. The Transportation Department of the Commission, under the direction of Mr. E. G. Connette, has made a separate appraisal as of December 31, 1910. Mr. Connette estimates the net

cost of the physical property, exclusive of land, in use upon December 31, 1910, to be:

Gas Department	\$707,815
Electric "	637,724
Total	\$1,345,539

The company has accepted these estimates, and an examination of the details shows that the unit figures are liberal and perhaps too high. Comparison between estimates and book cost has been made for over one-half of the property, and it was found that the former exceeded the latter. The unit figures are averages for several years where there has been much fluctuation in prices.

As the above estimates generally cover only the cost of 2644 labor and materials, including sub-contractors' profit when proper, some allowance should be made for engineering, supervision, contingencies, incidentals and a general contractor's profit. In view of the size of the company, the nature of the business, the way in which it has grown and the amount of the expenditures which the company could show to have been actually expended, the following estimates were submitted by Mr. Connette for the above items:

Gas Department	\$136,345
Electric "	126,608
Total	\$262,953

The company argued that an allowance of 25 per cent upon every item in net cost should be made which would be in excess of \$336,000. That is certainly excessive, and it is likely that \$263,000 is more than should reasonably be allowed. The Commission is gradually collecting accurate data through the examination of accounts and the approval of securities. The indications are that the allowances heretofore made have been too large rather than too small. For instance one account, for which details are given in the records of this company, shows an expenditure of \$377,482.37 for labor, materials and equipment. The items for engineering, administration, etc., did not exceed four per cent. Apparently, there was nothing paid to a general contractor, the work having been directed by the company itself. If these are normal conditions, the proposed allowance is too high.

It is common for a new company to let a contract for the erection of the initial plant to a construction company. If the latter were paid the cost of labor and materials plus ten per cent, to cover certain items of expenditure, the price would not be considered unreasonable. But such a plan is not generally followed throughout the life of an undertaking where thrifty, progressive management exists. Additions and extensions are commonly engineered, constructed and supervised by the operating company itself without the intervention of a general contractor. However, if a general contract were let for

the reproduction of the Queens Borough plant and overhead charges computed at the usual rates, the total cost would probably be less than given in the above tables, for the increase in overhead charges would be more than offset by economies in the purchase of materials and apparatus in large quantities and by the more economical methods of construction on a large scale. Allowance having 2645 been made in part for piecemeal construction, the unit prices adopted by Mr. Connette are larger than a general contractor would charge.

The above estimates combined cover the cost to reproduce the physical property in a new condition, but cost is not necessarily any indication of present value. Depreciation is a most important factor. Mr. Connette computed depreciation and present value as follows:

	Reproduction cost.	Depreciation.	Present value.
Gas Department	\$844,160	\$242,020	\$602,140
Electric "	764,332	226,660	537,672
Total	\$1,608,492	\$468,680	\$1,139,812

The bases upon which depreciation has been computed, such as life tables, expired life, etc., have been accepted as fair by the company.

It should be stated that the above estimate covers depreciation due to wear and tear and age, but does not include allowance for future changes in the art and the abandonment or supersession of property because it will become inadequate before being worn out. What these will be, no one can predict with certainty, but they will appear. The data used to determine existing depreciation have been used to fix the amount that should annually be set aside, out of earnings, to meet accruing depreciation. If the above estimate is too low, then the annual payment is too low. But if the above estimate is too low, then the present value is too high and the amount to be accepted as a fair return on "fair value" should be reduced. As it is probable that these refinements would not in this case appreciably affect the final result, they may be disregarded. They are important to the company, however, in determining the disposition to be made of net earnings.

Land.

Thus far, land has not been included, because the questions which arise in connection therewith are of a different character from those already considered.

Upon December 31, 1910, the company was actually using six separate parcels of real estate, all but one being located within the First District. It had recently acquired for \$21,000 two other parcels which were not being used and are not urgently needed for immediate use. Purchase was justified by the president of the company on the ground that land in that district is increasing steadily 2646 in value, that it would be cheaper to purchase now and thus secure the increase in value than to wait and pay a much

higher price when more land is actually needed, and that the new pieces may be needed to protect the water rights of one plot already owned. This policy may be wise, but until this new land is used for gas or electric purposes and is necessary for efficient and economical management, it is not incumbent upon the Commission to include it as a necessary part of the property upon which the company is entitled to earn a fair return.

The original cost of five of the six parcels in actual use is shown by the records of the company to have been \$43,750. The purchase price of the sixth is not known. Part of it was bought by one of the predecessor companies. The present company acquired part in 1902 from which it is possible to estimate with reasonable accuracy the fair value of the whole, without reference to filling and bulkheads, in that year at about \$15,000. If this amount were taken as the cost price of parcel six, the cost of all the land would be \$58,750.

The value of the six parcels upon December 31, 1910, is not easily determined. The evidence varies greatly, particularly as to the sixth parcel. One witness called by the company appraised the whole at \$314,750, but he had practically no sales and few corroborative facts to support this figure. He appraised the sixth parcel at \$174,000. The other witness for the company was about \$30,000 less. The entire assessed value for 1911 is \$111,000, including one building in Nassau County which was not assessed separately from the land.

The Commission decided to make a separate investigation and to call other experts. The appraised values fixed by these experts ranged from about \$125,000 to \$145,000 for all and from \$30,000 to \$40,000 for the sixth parcel. In the light of all facts before the Commission, these amounts seem too low, and the company's estimates too high. It would be unfair to take boom figures, and it would be equally unfair to fix the price at what the property would bring at forced sale. Furthermore, consideration must be given to the fact that the property is covered with certain structures. We must not assume that the buildings are not there and then take the highest estimate a real estate broker thinks might be obtained for the land itself, for if the land is appraised on this basis and the buildings on a use-value basis, instead of a scrap-value basis, there would be duplication and inconsistency. It would also be unfair to assume that the buildings are to be scrapped and the land sold for a less advantageous use than might be made of it. As the buildings
2647 have been appraised on the basis of cost to reproduce less depreciation, the land may be considered for the purposes of the present case as having a fair value of \$186,750. This amount includes bulkheads estimated by Mr. Connette to be worth \$7,162 and filling to have cost about \$6,400. These items should be apportioned between the gas and electric plants as follows:

	Gas.	Electric.
Present value	\$101,875	\$84,875
Items included in appraisal of physical property	3,222	10,340
Net amount	\$98,653	\$74,535

Preliminary and Development Expenses.

There are certain expenses connected with every undertaking which are not represented by physical property but which must be incurred before the plant is operated. These relate to the initial promotion of the scheme and the organization of the company. Investors must be interested, lawyers and engineers must be consulted, and franchises and permits must be secured. Interest and taxes during the period of construction must be paid, and as there are no earnings, they must be included as part of the cost of the undertaking. There are also other expenses connected with the experimental and trial operation of machinery and the adjustment of various parts, etc., which antedate operation.

It will be recalled that the estimates already given include practically \$263,000 for engineering, supervision, contingencies, incidentals and contractor's profit. Thus, no further allowance need be made under this heading for these items, but it is sometimes customary to group all under one title, "overhead charges."

Ordinarily, one would expect that the company itself would have data upon which to base an estimate of a reasonable allowance for these items. In this case, the company has produced no such data, and as the early records are missing, an estimate must be based upon general knowledge and experience. It is estimated that \$130,000 would be ample for all items except interest and taxes during construction.

As to interest and taxes, a very close estimate can be made. Not more than eighteen months would be required to construct the plant, according to the engineers. This does not mean that the whole undertaking with all its lines was or would be built in eighteen months from the very beginning to the end, but that the equated period would not exceed a year and a half. The initial unit practically determines the limits. As soon as an operating unit in the power station and a few lines are completed, operation of that portion may begin, and when operation may begin, the construction period for that portion ends, and when the construction period ends, interest and taxes may no longer be charged to construction cost; they then become operating expenses and should be paid out of operating income. As other lines are built and additions made, it is proper to charge interest and taxes upon them to capital, but only until the property is ready for use, provided good management has been used throughout. Thus the equated period becomes not the time from the initiation of the idea to the completion of the last remote branch (that may be many years or decades), but

the weighted average time for the completion of each operating unit, due allowance being made for the cost of such unit. A pure average is not correct, for the amount of interest to be paid has relation not merely to the period but to the cost of the work. In this case, the equated period of construction would not exceed eighteen months. The rate of interest would be about six per cent, and taxes would be small.

It is obvious that the whole cost would not bear interest for the equated period, as funds would be provided only as needed. Certain apparatus would be purchased just before operation begins, and therefore it would not be unfair to the company to compute interest and taxes upon one-half "reproduction cost" plus the cost of land and other preliminary and development expenses. (Cf. opinion in Case 1181—Third Avenue Reorganization, Second Application.) Upon this basis, an estimate of \$90,000 would be ample.

Working Capital.

Gas and electric companies must purchase materials and supplies, must pay their employees and must distribute their commodity to consumers in advance of payment for such service. This requires a fund ordinarily called working capital. It is reimbursed from operating receipts from time to time, but originally is provided from capital. The amount needed depends upon the advances that must be made and the period for which they must be carried. The bulk of materials and supplies are purchased upon a 30-day basis. Labor must be paid weekly or monthly, but fixed charges are not
2649 paid more frequently than quarterly. Upon the other hand, bills are rendered to large consumers weekly and to small consumers monthly. The Queens Borough Company has few large consumers. Many consumers do not pay promptly, and the City is from three to four months in arrears. It is clear, therefore, that this company must carry regularly the cost of from four to eight weeks' supply. In addition, allowance should be made for unforeseen demands and the storage of supplies to prevent delays in transportation, particularly in winter.

The relation of current assets to current liabilities is not a fair index of the amount of working capital needed, for some companies prefer to finance their daily operations through temporary loans; others issue securities to provide the necessary funds. Working capital does not vary with each change in financial methods, but depends for its justification, so far as rate cases are concerned, upon entirely different grounds. Furthermore, current assets and liabilities vary greatly from month to month. If meters are read just before the end of the month, as is the practice of the Queens Borough Company, the monthly statement will show a large entry under consumers' accounts receivable. If a date is chosen just before dividends are declared, the cash balance will be large; yet it has no relation to working capital, for it has largely been accumulated out of earnings and not from capital.

In this case, the amounts considered reasonable are \$30,000 for the gas department and \$45,000 for the electrical department.

Going-concern Value.

The representatives of the company have argued that in addition to all of the factors already included there should be added some considerable amount for "going-concern." They say, in substance, that there is an added value in the property: (1) because it has been adjusted, tried out and unified; (2) because the company has a clientele, established connections and a name in the community; (3) because valuable experience and data regarding the business have been accumulated; and (4) because the early years wherein losses usually occur have been passed.

The first fact to be kept in mind in discussing this subject is that the present case is a rate case. In condemnation proceedings these factors have been considered, but fair value for condemnation is not necessarily fair value for rate making, and the courts 2650 have recognized this distinction. (See *City of Omaha vs. Omaha Water Co.*, 218 U. S., 203, and cases cited in that opinion.)

Secondly, some of the elements attributed to going value have already been liberally allowed for under the heading "preliminary and development expenses," and in connection with the appraisal of the physical property in the form of overhead charges. Judge Robert W. Tayler, when valuing the Cleveland street railway, in 1909, gave the following reasons why he allowed nothing for going value:

"I allow nothing for going value. Going value raises a question of definition, and it is sufficiently disposed of, according to my view, by saying that it only has a value, as applied to a street railroad enterprise, because of the expense incident to organization, superintendence, administration, legal expenses and interest during construction; it is involved in the general subject of necessary overhead charge and arises only out of, and is to be defined and limited entirely by, the money necessarily expended to put it into the shape where it has value as an operating instrumentality. Beyond that, I recognize no value to going value or no such thing as going value to be applied to a street railroad enterprise. Nor do I find anything properly allowable for good will, as that term is generally defined. A street railway company which has a monopoly, and especially if it has a franchise value remaining, can have no good will value."

In the third place, much of the information and experience referred to is personal and does not go with the property. It appertains to the individual manager or superintendent, and when he leaves he carries it with him. The company may be able to pay its stockholders large dividends because it receives from its employees more than it pays them, but it is certainly improper to capitalize the experience or ability of such employees or to urge it as a reason for higher rates than should otherwise be charged.

A fourth consideration is that many of the elements included in

"going-concern" are transitory or recurrent. Every new piece of machinery or plant must be tried out and adjusted, and all property, except possibly land, must be replaced from time to time. Thus, the adjustment and adaptation referred to involved continued expense and not alone at the beginning. The data collected must be kept up to date or become valueless, and conditions change constantly. Advertising and canvassing must be continued from year to year or the business will retrograde or fail to keep pace with the growth of the city. Population is changing and new buildings are being erected. The company that would maintain its position must remain active. Experimentation must go on. New methods and inventions will continue to appear, and these must be tested to separate the wheat from the chaff.

In so far as these elements are transitory and call for expenditures year after year, it is obvious that they should not be paid out of capital, but should be charged as a part of operating expenses. The former practice would lead to over-capitalization and ultimately to disaster. The latter is the sound and prudent course, and the one followed by conservative financiers. It follows that if these expenses are operating charges, they should not be included in the fair value of the property.

The converse of this proposition is that if these various expenses which go to make up "going-concern" are to be charged to operation, the company should be allowed to charge rates that will yield a sufficient income to pay them and also a fair return upon the fair value of the property. If good management and foresight have been used in the initiation and conduct of the undertaking, this statement is sound. But it ordinarily happens during the first few years of operation that the company does not earn a fair return. How, then, are the investors to be made whole?

There are two solutions. One is to capitalize the losses or deficiencies below a fair return and all the other elements which are said to be included in "going-concern." This would be accomplished by using the proceeds from the sale of stocks, bonds or notes to pay expenses for "going-concern" and a fair return to investors. To use money from such sources to pay dividends would be absurd, dangerous and unjustifiable. If such a practice were started, where would it end? Probably in bankruptcy and dissolution.

The use of capital moneys to pay current expenses after operation has been begun is open to similar criticism. Who is to determine whether a canvasser, an accountant, an engineer, or a laborer is to be paid out of capital or earnings? All are connected with the operation of the plant, but if the theory is sound that "going-concern" expenses are to be charged to capital, the wages or salaries paid to certain employees must be paid out of capital. Who is to decide when this shall be done or when it shall cease after it has once been started? How may one determine when an employee is contributing to "going-concern"? It is easy to fix a date when the construction period ends and operation begins, but how may one know when "going-concern" expenses cease? To follow this solution of the problem would open

the door wide to over-capitalization, financial manipulation and the misappropriation of funds.

The other solution is to charge all such expenses to operation, to attempt to make no fine-spun distinctions and then to permit the company to charge in later years rates sufficient to offset its deficiencies below a fair return in the first few years. This method involves no questions as to capitalization and cannot result in the inflation of securities. Ordinarily, the company which is wisely managed follows this very course and works out an adjustment by itself. Questions arise only when the State, through some agency, is called upon to determine whether the rates are reasonable. Then the rate of return to be allowed upon the investment should be such as to offset losses in early years. This principle is adopted in this case, and no further allowance is made for "going-concern" in determining the fair value of the property. When we come to the discussion of a fair rate of return, the other phases of this principle will be considered.

Résumé.

Summarizing the estimates given by Mr. Connette and the allowances considered ample for items not covered by such estimates, the following table is obtained upon the basis of reproduction cost less depreciation, and plus appreciation:

	Gas.	Electric	Total.
Net cost of property other than land	\$707,815	\$637,724	\$1,345,539
C. P., Eng., Admin., Cont. and incidentals	136,345	126,608	262,953
Reproduction cost	844,160	764,332	1,608,492
Depreciation	242,020	226,660	468,680
	602,140	537,672	1,139,812
Land—present value	101,875	84,875	186,750
	704,015	622,547	1,326,562
Less duplications	3,222	10,340	13,562
	700,793	612,207	1,313,000
Present value of physical property	700,793	612,207	1,313,000
Preliminary and development ..	110,000	110,000	220,000
Working capital	30,000	45,000	75,000
Total	\$840,793	\$767,207	\$1,608,000

The details of the main items in the above summary will be found in the following tables:

Queens Borough Gas and Electric Co

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Appraised Value of Tangible Gas Property, Exclusive of Land.

Item.	Net cost.	Contractor's profit, engi- neering, admin- istration, in- cidental and contingencies.	Cost to reproduce new.	Accrued depreciation.	Present value.
General Equipment (Gas).....	\$4,516	\$4,516	\$1,124	\$3,392
General Structures (Gas).....	16,982	\$3,940	20,922	9,236	11,686
Works and Station Structures.....	67,061	15,558	82,619	16,509	66,110
Holders.....	116,841	27,107	143,948	29,411	114,537
Furnaces, Boilers and Accessories.....	11,679	2,710	14,389	3,757	10,632
Misc. Power Plant Equipment.....	405	95	500	27	473
Water Gas Sets and Accessories.....	39,599	9,186	48,785	6,556	42,229
Purification Apparatus.....	12,674	2,940	15,614	1,778	13,836
Accessory Equipment at Works.....	47,881	11,108	58,989	10,644	48,345
Trunk Lines and Mains.....	271,228	62,925	334,153	97,170	236,983
Municipal Street Lighting Fixtures.....	3,347	776	4,123	1,123	3,000
Gas Services.....	56,099	56,099	35,327	20,772
Gas Meters.....	45,651	45,651	22,793	22,858
Gas Meter Installation.....	12,602	12,602	6,009	6,593
Gas Tools and Implements.....	11	11	3	8
Gas Laboratory Equipment.....	1,239	1,239	553	686
Total.....	\$707,815	\$136,345	\$844,160	\$242,020	\$602,140

Appraised Value of Tangible Gas Property, Exclusive of Land.

Item.	Not cost.	Contractor's profit, engi- neering, admin- istration, in- cidental and contingencies.	Cost to reproduce new.	Accrued depreciation.	Present value.
General Equipment (Electric)	\$4,837	\$4,837	\$1,209	\$3,628
General Structures (Electric)	16,982	\$3,940	20,922	9,236	11,686
Power Plant Buildings	76,401	17,726	94,127	21,786	72,341
Furnaces, Boilers and Accessories	82,271	19,087	101,358	37,474	63,884
Steam Engines	93,179	21,617	114,796	40,053	74,743
Electric Generators	33,525	7,777	41,302	14,457	26,845
Accessory Power Plant Equipment	21,633	5,018	26,651	1,464	25,187
Misc. Power Plant Equipment	3,230	750	3,980	1,308	2,672
Sub-Station Buildings	1,641	380	2,021	60	1,961
Sub-Station Equipment	8,367	1,942	10,309	550	9,759
Poles and Fixtures	59,828	13,880	73,708	31,534	42,174
Transmission System	8,676	2,013	10,689	2,214	8,475
Distribution System	60,457	14,026	74,483	13,092	61,391
Line Transformers and Devices	40,027	9,287	49,314	11,884	37,430
Electric Services	19,557	19,557	3,859	15,698
Electric Meters	56,833	56,833	17,293	39,540
Electric Meter Installation	8,288	8,288	3,107	5,181
Municipal Street Lighting System	39,505	9,165	48,670	14,810	33,860
Commercial Arc Lamps	1,794	1,794	1,115	679
Electric Laboratory Equipment	693	693	155	538
Total	\$637,724	\$126,608	\$764,332	\$226,660	\$537,672

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Investment in Property.

The books and records of the company do not show definitely the amount of unimpaired investment which is represented by the property. However, before determining the amount upon which the company should be allowed a fair return, the available data should be considered.

The "fixed capital" of the company upon December 31, 1910, according to the books of account, was . . .	\$4,274,532.88
Accrued amortization of capital was stated to be . . .	105,421.23
There remains a net amount of	\$4,169,111.65
Deducting the securities issued at the time the Harris Process was acquired, less the undistributed credits entered at the time of the merger	3,559,802.41
there is left to represent the outlay in the period from July 1, 1902, to Dec. 31, 1910	\$609,309.24
The "cost of real estate and improvements" and "cost of equipment," June 30, 1902, as reported to the State Board of Tax Commissioners, was for both of the predecessor companies	787,339.83
A total upon the above hypotheses of	\$1,396,649.07

The accuracy of this figure depends upon the accuracy of the reports to the Tax Commissioners, the adequacy of the amount set aside for amortization and the propriety of the original entries—rather uncertain elements.

Following another process, a slightly different figure is obtained.

Upon June 30, 1902, the Town of Hempstead Gas and Electric Company had upon its books an amount representing real estate, plant and machinery, after deducting discounts, of	\$341,230.29
Between July 1, 1902, and December 30, 1910, additions, betterments and replacements were 2656 added to the amount of \$507,864.56, as nearly as can be ascertained. Deducting withdrawals and other credits during the same period, amounting to \$54,474.32, there would be a net increase of	453,390.24
The total for the gas property to December 31, 1910, would be, therefore	\$794,620.53
The Queens Borough Electric Light and Power Company had upon its books upon June 30, 1902, "property and construction," "Citizens Lighting Company," and interest, legal expenses, etc., amounting to	\$409,632.49

Between July 1, 1902, and December 31, 1910, there was added in the way of electric plant an amount of \$561,317 22, from which there should be deducted in the form of withdrawals and other credits, \$33,902.57, leaving a net increase in the way of additions, betterments and replacement of.

527,414.65

Upon this basis the total for electric plant would be. . . \$937,047.14

Both plants would represent a total outlay of. \$1,731,667.67

Depreciation was written off during a few years, but not for the whole period. Including the amount written off and the amount carried upon the books as accrued, we have for the period 1906-1910. 266,107.19

Deducting this amount from the total outlay, the net investment, according to the books of the company upon December 31, 1910, becomes. \$1,465,560.48

The Harris Process has been omitted throughout, as there is nothing to indicate that it has any value at the present time.

The values of the above results depends upon the accuracy of the original entries and the amount set aside for depreciation. If the the estimates of Mr.

Connette for accrued depreciation be correct, 2657 a different figure is reached. Taking the total outlay upon both plants as above given. \$1,731,667.00 and deducting the accrued depreciation estimated by Mr. Connette 468,680.00

there remains at the end of 1910 a net investment of \$1,262,987.00

This amount is distributed as follows: Gas plant, \$552,600; electric plant, \$710,387.

It so happens that in this case the actual investment of the present owners is known. According to the data presented by the company, the present owners paid in cash or assumed liabilities for the gas property to the amount of. \$268,308.51

Adding the net amount of additions, betterments and replacements down to December 31, 1910, as previously stated 453,390.24

there is obtained as the total outlay to December 31, 1910 721,698.75

Similarly for the electric property, the present owners invested or assumed obligations to the amount of. \$667,493.90

which includes \$250,000 paid for common stock that was issued for "franchises." Adding the net increases in the way of additions, betterments and replacements, as previously stated. 527,414.65

there is obtained as the total outlay to December,

1910	\$1,194,908.53
The grand total for gas and electric property becomes	\$1,916,607.30
from which there is yet to be deducted an amount	
representing accrued depreciation, estimated by	
Mr. Connette at	468,680.00

there remains a total net investment of \$1,447,927.30

which is distributed between the two plants as follows: Gas plant, \$479,679; electric plant, \$968,248. Deducting the stock called "franchises," the total becomes \$1,197,927, and the electric plant, \$718,248.

Summarizing the results above obtained, we reach the following comparative statement:

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I. Investment as shown by company reports, etc.	\$1,396,649
II. Investment as shown by the company's books, less accrued depreciation as estimated by Mr. Con- nette	1,262,987
III. Investment, according to the cash paid by present owners and obligations assumed, less depreciation as estimated by Mr. Connette	1,447,927
IV. Ditto, less "franchise"	1,197,927
V. Present value according to appraisal, including working capital	1,608,000

It should be noted that the last figure above given includes land at its present value, whereas the preceding estimates include cost only. If the increase in the value of land were deducted, "present value"—item V—would still be greater than any of the preceding.

Should Future Expenditures Be Included?

The representatives of the Queens Borough Company have filed a statement of the requirements of the company in the way of improvements and betterments for the immediate future, amounting to \$174,600, of which \$87,000 relates to electricity supply; \$79,100 to gas, and \$8,500 to general property. These expenditures may be divided into three groups: (1) repairs and replacements, (2) extensions and additions for future consumption, (3) additional plant to improve service.

The company is not entitled to capitalize or to earn a fair return upon the first group, for all repairs, renewals, and replacements should be charged to earnings.

The second group should also be omitted, for the additional consumption which these additions are to supply should, and doubtless will, provide a fair return upon new investment. When a plant has once been started and is earning a fair return, additional consump-

tion ordinarily earns not only a fair return upon the cost of plant to supply such consumption but an additional profit upon the pre-existing plant. The cost of producing a larger output is ordinarily less per unit, other things being equal. There are exceptions, but nothing has been produced to show that the general rule does not apply to this case.

2659 Furthermore, it is not reasonable to require consumers to pay higher rates than they otherwise would be required to pay in order that these higher rates may provide funds from which to construct additional plant, which becomes the property of the company. Such plant and property is ordinarily paid for out of capital, but whether this course is followed or the stockholders voluntarily relinquish a share of their dividends in order to increase the value of their property, has no relation to this case. Suffice it to say that the consumer should not be required to pay higher rates and thereby make a donation to the company or to its stockholders. The company has not suggested that if such contributions be made, stock, bonds, notes or other liabilities will be issued to those who provide the funds. (Upon this subject, see opinion by Commissioner Prouty in the Railroad Rate Cases, 20 I. C. C. Rep., 265-8, and the decisions of the United States Supreme Court therein cited.)

The third group represents an entirely different class of expenditures. At the present moment, the company does not have sufficient gas and electric plant to afford proper service. The electric plant must occasionally be run beyond rated capacity, and additional equipment is necessary to prevent failure of service in an emergency. The gas plant does not have sufficient condensing and purifying capacity. As the company has expressed its willingness to provide this additional apparatus, it seems reasonable that an allowance should be made for such additions to the plants as will be necessary to handle the business during the current year.

Conclusion as to Fair Value of Property.

After carefully considering all of the above factors, the Commission has determined that the Queens Borough Company is entitled to earn a fair return upon the following amounts:

Gas plant	\$860,000
Electric plant	800,000
Total	<u>\$1,660,000</u>

It is believed that these figures amply protect the interests of the investors as well as of the public.

Fair Rate of Return.

2659 The rate of return is equally important with the fair value of the property or unimpaired investment. It is obvious that a high figure might be taken as the fair value of the property and the rate of return placed so low that the investor would

not receive adequate remuneration. It is also obvious that the rate of return might be fixed so high that the investor would be adequately compensated even though the amount taken as the fair value of the property were too low. It is immaterial to the permanent investor whether he is allowed $7\frac{1}{2}$ per cent upon a valuation of \$1,000,000, or 6 per cent upon a valuation of \$1,250,000.

Various standards have been suggested for determining the fair rate of return. The one which in our opinion is properly applicable to this case is that the rate should be such that investors would be induced to provide the funds with which to construct and extend a gas and an electric plant within the area in question. If the state were to fix a rate below this standard, capital could not be secured. If investment were made before the state acted, the original capital might be forced to remain, but additional capital could not be secured unless necessary to protect the first outlay.

The ordinary method of raising funds must also be considered, for money can be secured by the issuance of bonds at a lower rate than stockholders demand. Other things being equal, the rate of interest which must be paid increases as the proportion of the capital raised by the issuance of bonds increases. Under ordinary circumstances, a public service corporation would be conservatively financed if one-half or two-thirds of the funds needed were secured by first mortgage bonds and the remainder by the issuance of capital stock. In a case such as the one now being considered, probably one-half of the cost of the plant could be raised by the issuance of first mortgage bonds upon a basis of from 5 to 6 per cent. As a matter of fact, the par value of the bonds of the present company is equal to the stock. It is also probable that a return of from 8 to 10 per cent upon the stock would attract sufficient capital to provide the remainder.

The following table illustrates the results of certain combinations of the above factors:

Case.	Proportion of capital represented by bonds.	Rate of return thereon.	Proportion of capital represented by stock.	Per cent of return thereon.	Average rate of return upon entire investment.
1.....	$1\frac{1}{2}$	6	$1\frac{1}{2}$	10	$8\frac{1}{2}$
2.....	$1\frac{1}{2}$	$5\frac{1}{2}$	$1\frac{1}{2}$	10	$7\frac{3}{4}$
3.....	$1\frac{1}{2}$	5	$1\frac{1}{2}$	9	7
4.....	$1\frac{1}{2}$	5	$1\frac{1}{2}$	8	$6\frac{1}{2}$
5.....	$\frac{2}{3}$	6	$\frac{1}{3}$	10	$7\frac{1}{3}$
6.....	$\frac{2}{3}$	$5\frac{1}{2}$	$\frac{1}{3}$	10	7
7.....	$\frac{2}{3}$	5	$\frac{1}{3}$	9	$6\frac{2}{3}$
8.....	$\frac{2}{3}$	5	$\frac{1}{3}$	8	6

2659 $1\frac{1}{2}$ To illustrate, assume that the amount of money to be raised is \$3,000,000, that one-half of this amount will be raised through bonds and one-half through stock, that bonds are sold upon a 5 per cent basis, and that a 9 per cent return is necessary to attract stockholders. The interest and dividends would be as follows:

5 per cent interest upon the bonds (par value \$1,500,000) . . .	\$75,000
9 per cent dividends on stocks (face value \$1,500,000) . . .	135,000
Total interest and dividends	\$210,000

This is equivalent to 7 per cent upon the total value of the property, assumed to be \$3,000,000, as shown by case 3.

The above table shows that in no case would the average rate of return upon the entire amount be over 8 per cent unless a higher rate of return were demanded than 6 per cent upon the bonds and 10 per cent upon the stock.

It is argued that, if the principle is adopted that the amount included for "going-concern" should be limited to expenditures made prior to the time when operation begins, a further allowance should be made in the rate of return if in the early years of operation the plant did not earn a fair return after payment of all proper operating charges. This idea should be considered in every rate case, but in this instance it has thus far been impossible to determine the facts, because the early records of the company can not be obtained. Some records have been found which seem to indicate that the predecessor companies did earn at least a fair return and others which seem to cast doubt upon this statement. The representatives of the company have presented from the records a statement made by the person who sold the stock of the predecessor companies to the purchasers in 1902. This statement contains the following:

"The earning capacity of the [electric] company during the previous year was sufficient to pay 5% upon its common stock, 6% on its preferred stock and all fixed charges and leave a surplus in its treasury sufficient to pay 4% upon \$1,000,000 capitalization, and its earnings this year will be largely in excess of last. * * * Its [the gas company's] net earnings for the previous year of over \$20,000 were entirely devoted to improvements, and the net earnings for this current year may be expected to be at least double that sum [\$40,000 would be 15 to 20 per cent on the value of the property said to be over \$200,000], and the Gas Company is rated by me at or nearly an equal value to the Electric Company. I would not exchange it therefor."

It should also be noted that the gas and electric plants have been in operation for a considerable period. The electric plant was operated as early as 1898 and the gas plant as early as 1894. It might be argued with considerable force that 12 to 17 years should be sufficient for a company to recoup its early deficiencies below a fair rate of return. Such a statement would have special force in the present case, as the general rates of the present and of the predecessor companies have not been regulated by statute. If the company has not recouped itself by this time, it is doubtful whether the present consumers ought to be burdened for this reason.

It has also been suggested that as the company did not set aside until recently a sufficient amount for depreciation, the rates should be

fixed so high that depreciation in past years may now be made good. Prudent management unquestionably requires that if allowance has not been made in past years for depreciation, it should be made up from earnings as rapidly as possible. But the question is, whether present and future consumers should be taxed to pay the bill. The record does not show that the earnings were not sufficient to allow depreciation to be set aside and yet yield a fair return upon value; and if the stockholders have received what should have been used to meet depreciation, the consumers are not at fault. Upon this point the opinion of Mr. Justice Moody in the Knoxville Water Case (*City of Knoxville vs. Knoxville Water Co.*, 212 U. S., 13) is illuminating. He says:

"It was urgently contended that in fixing upon the value of the plant upon which the company was entitled to earn a reasonable return, the amounts of complete and incomplete depreciation should be added to the present value of the surviving parts. The court refused to approve this method, and we think properly refused. A water plant, with all its additions, begins to depreciate in value from the moment of its use. Before coming to the question of profit at all the company is entitled to earn a sufficient sum annually to provide not only for current repairs but for making good the depreciation and replacing the parts of the property when they come to the end of their life. The company is not bound to see its property gradually waste, without making provision out of earnings for its replacement. It is entitled to see that from earnings the value of the property invested is kept unimpaired, so that at the end of any given term of years the original investment remains as it was at the beginning. It is not only the right of the company to make such a provision, but it is its duty to its bond and stockholders, and, in the case of a public service corporation at least, its plain duty to the public. If a difference course were pursued the only method of providing for replacement of property which has ceased to be useful would be the investment of new capital and the issue of new bonds or stocks. This course would lead to a constantly increasing variance between present value and bond and stock capitalization—a tendency which would inevitably lead to disaster either to the stockholders or to the public, or both. If, however, a company fails to perform this plain duty and to exact sufficient returns to keep the investment unimpaired, whether this is the result of unwarranted dividends upon over-issues of securities, or of omission to exact proper prices for the output, the fault is its own. When, therefore, a public regulation of its prices comes under question, the true value of the property then employed for the purpose of earning a return cannot be enhanced by a consideration of the errors in management which have been committed in the past."

After considering all factors, the Commission has concluded that, in view of the circumstances surrounding this company and the character of the area within which it operates, a fair rate of return on both gas and electric undertakings, for the purposes of the present case, would not exceed 5 per cent. This rate would be equivalent to

a dividend of 10 per cent upon stock equal to one-half of the fair value, if bonds to the amount of one-half were financed upon a 6 per cent basis; or 11 per cent dividends, if bonds were on a 5 per cent basis. It is perhaps needless to add that under other conditions as to hazards of the business, prevailing rates of return or any other element, the rate of return here allowed may be either too high or too low.

Estimated Earnings and Expenses.

In order to determine the proper maximum rates for gas and for electricity, it is necessary to estimate the probable consumption, the earnings which would accrue from sources other than the sale of gas and electricity at the maximum rates, and the cost of service. Upon the basis of previous years, the rate of growth and current conditions, it is estimated that for the current year the consumption will be at least: Gas, 177,200 M cu. ft.; electricity, 2,820,000 k. w. h.

Owing to leakage and various losses between the generating plant and consumers' meters, it is necessary to produce a larger amount of gas and electricity than the quantity sold. The average percentage of gas unaccounted for during the last five years has been about 15, and in one year only has it exceeded that amount. The electricity unaccounted for has been about 32 per cent of the amount made. If, therefore, we assume a loss of 15 per cent for gas, 32 per cent for electricity, the company will certainly be fairly treated. The amount of gas which must be manufactured upon these bases, will be about 208,500 M cu. ft., and of electricity 4,150,000 k. w. h.

When computing cost of service, the unit figures to be used become very important. The results of past years cannot be accepted until checked to determine whether they are the normal operating costs under the local conditions which prevail. The latter are fundamental, for it is obvious that costs must be greater where the area is sparsely settled and the use small, than where the population is very dense and the consumption large. The cost of supplies is also an important factor; and in the case of a gas plant, the prices which can be obtained for by-products play an important part.

Certain consumers served by the Queens Borough Company have urged that gas and electricity should be supplied to them at the same rates that prevail in Manhattan or at least in Brooklyn. The company has replied that the local conditions in its area are entirely different from those in Manhattan and Brooklyn, that the population is not only sparse but fluctuating, and that there is in the Far Rockaway district particularly a large summer population and a very small winter population, with the result that a large amount of plant must remain idle during eight or ten months of the year and unusual expenses incurred as the result of such changing conditions. The area is indeed peculiar. The number of meters in use in August is almost twice the number at the end of December. Consumption during August is four or five times what it is during the winter. The power use of electricity is small. Miles of mains lie almost idle dur-

ing the winter. The summer business comes on with a rush and is expensive to handle. It is impossible to disregard these local conditions. They will change as the area builds up, and there seems to be no reason why the prices for gas and electricity should not steadily decrease. But at present, local conditions must be taken as they exist.

After consideration of operating results and costs, and of present local conditions, the following estimates for the gas division may be considered as about normal for 1911:

Cost to manufacture 208,500 M cu. ft. @ 34c. per M made	\$70,890
Other operating expenses (including taxes but excluding depreciation), 177,200 M cu. ft. @ 30c. per M sold...	53,160
Depreciation and other reserves.....	25,000
Return on fair value of property (\$860,000 at 8%).....	68,800
Total	\$217,850

From this total there should be deducted the receipts from the sources which would not be affected by the maximum rate as follows:

Public lighting, 7,200 M cu. ft. @ 75c. per M.....	\$5,400
Private street lighting, special contracts.....	3,800
Gas jobbing, etc.....	1,800
Rent of rooms in office building (one-half total).....	1,000
Increase in value of land.....	10,000
Total deductions.....	\$22,000

Subtracting this figure from the total cost of supply, there is obtained as the amount which should be paid by the consumers served at the maximum rate, in order that all reasonable operating expenses may be paid and a fair return earned upon the fair value of the property, \$195,850. Upon the basis of sales of 168,200 M cu. ft., the quotient would be a little over \$1.16.

Following the same method, the results for the electric division would be:

Cost of generating 4,150,000 k. w. h. at 1.7c. per k. w. h.	\$70,550
Other operating costs (including taxes but excluding depreciation), 2,820,000 k. w. h. sold at 2.8c.....	78,960
Depreciation and other reserves.....	28,000
Return on fair value of property (\$800,000 at 8%).....	64,000
Total	\$241,510

2664 Upon the other side of the account, excluding the current supplied at the maximum rate, there would be the following entries:

Street lighting, 800,000 k. w. h. at 6c. per k. w. h.	\$48,000
Lighting municipal buildings, 20,000 k. w. h. at 10c.	2,000
Commercial metered power, 700,000 k. w. h. at 4c.	28,000
Electric jobbing, etc.	1,400
Rent of rooms in office building (one-half total)	1,000
Increase in value of land.	6,300
Total deductions.	\$86,700

Subtracting this total from the cost of service, there is obtained an amount of \$156,210. Dividing this amount by the consumption at the maximum rate, 1,300,000 k. w. h., there is obtained an average of over 12 cents per k. w. h.

Depreciation.

Two items in the above computation need a few words of explanation, viz., depreciation and other reserves, and increase in value of land. Reference has already been made to the methods adopted in computing the total accrued depreciation to December 31, 1910. In those computations the engineers computed the scrap value of the property, wearing value, life tables for each class of apparatus or structure, and the expired life thereof, from which are obtained the following results:

	Gas dept.	Electric dept.
Cost to reproduce (excluding land)	\$844,160	\$764,332
Deduct scrap value of	75,538	80,274
Wearing value (to be amortized)	\$768,622	\$684,058
Period of service (average)	25 years	20 years
Annual depreciation—straight line	\$30,231	\$34,343
Rate to amortize (4% sinking fund)02401196	.03358175
Annual contribution to sinking fund (4%)	\$18,456	\$22,972
“ “ “ “ “ (5%)	\$16,105	\$20,688

Experience has shown that the straight line method for depreciation produces a larger fund than is necessary. Firstly, some portion of the annual loss is made good by renewals and replacements regularly included in maintenance and already allowed for 2665 in the operating expenses. There are difficulties, however, in ascertaining the precise amount of depreciation thus made good by maintenance. The system of accounts prescribed by the Commission defines repairs as follows:

“When through wear and tear or through casualty it becomes necessary to replace some part of any structure, facility or unit of equipment, and the extent of such replacement does not amount to a substantial change of identity in such structure, facility or unit of equipment, the replacement of such part is to be considered a repair and the cost of such repair is to be treated as an operating

expense and must not be charged as a replacement in any capital account." (Section 15.)

It is further provided that "where capital is substantially continuous and cannot be satisfactorily individualized it shall be kept in efficient operating condition through repair and the renewals and replacements of parts thereof shall be considered repairs." In addition to this general rule, the system of accounts for electric companies distinctly provides that renewals of the electric line (poles, fixtures, cables and wires of the transmission and distribution systems) shall be included in maintenance, as it would be unduly troublesome to ask companies to keep a separate record of each pole or stretch of trolley wire. From the detailed figures of annual deterioration submitted by the appraisers, it appears that \$8,500, or fully one-fourth of the total straight-line depreciation of the electric plant, proceeds from the poles and fixtures and transmission and distribution systems. In the case of various other classes of equipment like boilers, piping and other accessories, partial replacements are made and charged to maintenance which in the course of time will completely replace the exhausted capital. So extensive, indeed, are the partial replacements and renewals usually included in current maintenance that many of the largest corporations under the supervision of the Commission have taken the position that no special depreciation fund is required in their cases.

It may be noted that in the year 1910 the amount expended by the Queens Borough Company for renewals and replacements not included in maintenance was only \$1,306, all of which was on the gas plant. While provision must be made for the future replacement of large units such as gas holders, power plant equipment, etc., it would appear that the annual expenditures for replacements 2666 for the present are likely to be comparatively small, and that any fund set aside for future replacements could be invested and interest thereon compounded. The annual contribution to a 4 per cent sinking fund to take care of all replacements, according to the above table, would be only \$40,000 for both departments and the annual contribution to a 5 per cent sinking fund (5% being the rate of interest which the company pays on its own bonds) would be less than \$37,000. If the company were to invest the fund in its own property and if a fair return were to be computed at 7 or 8 per cent, the amount to be set aside annually would be considerably less.

However, experience seems to prove that in actual practice a sinking fund will not accumulate as rapidly as the tables indicate. There are usually withdrawals in early years which decrease the rate at which the amount compounds. There are also occurrences which cannot be foreseen but against which some provision should be made. Allowance having been made for all of these factors, the amounts used in the preceding computations are considered unusually fair to the company and should provide against depreciation of all kinds, including obsolescence, inadequacy and other contingencies. It is probable that in the future these amounts should be reduced.

The question, whether depreciation is a proper operating charge, is no longer open to debate. The opinion of Mr. Justice Moody, already cited, reflects the generally recognized rule that rates should be sufficient to permit current repairs to be made, parts to be replaced, and other charges met, so that by one means or another the investment may be kept unimpaired. In order that this object may be attained, every part of the property must be considered, and wherever there is decrease in value, provision must be made for an offset in one form or another. If a gas company includes a coal mine among its assets and makes no provision against the day when it will be useless, the capital of the company will be impaired just as truly as in the case of a gas holder which was worn out without any provision for its replacement.

Appreciation of Land.

Land differs from most property in that it generally appreciates in value, and the question has been raised, whether land should be included in "fair value" in rate cases at its original cost or at its estimated value at the time the rate is to be fixed. It is well settled that other property should be taken at its then value, but it has been

argued that in the case of land the original cost should be used. Counsel for the City of New York in the Consolidated

Gas case endeavored to establish this principle, urging that return should not be allowed upon money never spent and that appreciation of land does not represent any investment. Mr. Justice Peckham who wrote the opinion in this case said (*Willecox vs. Consolidated Gas Co.*, 212 U. S., 19, decided January 4, 1909):

"And we concur with the court below in holding that the value of the property is to be determined as of the time when the inquiry is made regarding the rates. If the property, which legally enters into the consideration of the question of rates, has increased in value since it was acquired, the company is entitled to the benefit of such increase. This is, at any rate, the general rule. We do not say there may not possibly be an exception to it, where the property may have increased so enormously in value as to render a rate permitting a reasonable return upon such increased value unjust to the public. How such facts should be treated is not a question now before us, as this case does not present it. We refer to the matter only for the purpose of stating that the decision herein does not prevent an inquiry into the question when, if ever, it should be necessarily presented."

Commissioner Lane, of the Interstate Commerce Commission, discusses the subject in his opinion in the "Western Advanced Rate Case" and says (26 I. C. C. Rep., 344, decided Feb. 22, 1911):

"Whatever the true economic or legal view may be as to the right of a carrier to consider the increase in value of its land as a part of the value upon which it is entitled to a reasonable return, such increase in value does not of itself establish the right of a carrier to in-

crease rates upon a given service. Certainly if the Supreme Court may decline to lay down the absolute rule that "in every case failure to produce some profit to those who have invested their money in the building of a road is conclusive that the tariff is unjust and unreasonable," *Reagan vs. Farmers' Loan & Trust Co.*, 154 U. S., 412, it is a conservative statement of the law to hold that a railroad may not increase the rates upon a number of commodities solely because its real estate has risen in value."

2668 While it is evident, therefore, that each case must be decided upon the facts peculiar to it, the Commission believes it proper in this case to follow the general rule, as stated by Judge Hough of the United States Circuit Court (*Consolidated Gas Co. vs. City of New York*, 157 Fed. Rep., 855):

"Upon reason, it seems clear that in solving this equation the plus and minus quantities should be equally considered, and appreciation and depreciation treated alike. Nor can I conceive of a case to which this procedure is more appropriate than the one at bar."

Thus, land has been taken at its fair value and not at its original cost, and the annual appreciation of land has been treated as a profit. By this method, all property is treated absolutely alike, as Judge Hough suggests. No difference is made, except that as depreciation represents a decrease in assets, it is placed as a debit against operation, while appreciation is placed as credit because it is an increase in assets. Land has sometimes been treated like other property only to a degree; that is, each class has been appraised at its present worth or value. That has been done in this case. But if property is to be taken at its depreciated value where it has depreciated, an entry must regularly be made in estimated operating expenses equal to the average annual depreciation. Conversely, if land, or any other property which genuinely appreciates in value, is to be taken at its appreciated value, then an entry must be made in the estimated receipts equal to the average annual appreciation. Unless this is done, it is obvious that the consumer will be burdened with all the estimated decreases in assets but not credited with the increases in assets. If the principle laid down by the courts is to be followed in part, it should be followed in whole.

It is suggested that the annual increase in the value of land which is treated as income is not actually received. Increase in the value of unoccupied land is not realized until sold or put into use, but it is real, nevertheless, although payment may be deferred. Likewise, payments to the depreciation fund are not actually expended; yet they have been considered legitimate charges in practically every case. Furthermore, the annual increment is no more indefinite than the total increment—the present value. But if the present value can be determined, it is possible to determine past annual appreciation with positive accuracy, for it is only a simple mathematical calculation. It is also probably as easy to estimate increases in the near future as it is to estimate what obsolescence, which is a form of depreciation, there will be in the future.

Indeed, the problem of handling appreciation is much simpler than depreciation. If the property is growing more valuable, the investor need not worry; and if the state recognizes his right to earn a fair return upon the increase, he is fully protected. It is not necessary that the increase be represented by stocks or bonds, for if the earning power is there, he will receive a return thereon, regardless of the amount of securities. In fact, the existence of an increase which is not represented by securities is an element of safety, a reserve fund of a valuable kind.

There is a further similarity. The exact amount of depreciation and the annual rate are not definitely known until the piece of property is actually replaced or has become useless. The total appreciation and the average annual rate are not known until the land is sold, but when it has been disposed of (and plants are continually being removed and the land sold), they become absolute certainties. Why should these matters be considered less definite when applied to land than when applied to the buildings thereon? The depreciation of the buildings is a charge against operation; why should not the appreciation of land be a credit?

The entries in the preceding tables representing the increase in land have been carefully computed. It has been possible to ascertain the approximate cost of the land and the date of purchase. Having these facts, one may easily compute the average annual rate of increase. The experts called by the company and the Commission were also examined upon the present trend of prices. The estimated increases used in the above computations are believed to be conservative.

Analyses have been made to determine the effect upon rates if the estimates of the real estate experts for the company were to be used throughout, and it has been found that the gas rate would be lowered a few cents and the electric rate a few tenths of a cent.

COMPLAINANTS' EXHIBIT 107.

Comp. Ex. 107. J. A. F.

New York & Queens Co.—Table 11.

TABLE 11.—*Apparatus & Piping*—(Appraisal as of Dec. 31, 1919.)

Life, years.	Age, years.	Item.	Cost.	Depreciation.	Cost, less depreciation.
47	20	Installed prior to 8/1/04.	\$64,600.00	\$28,036.40	\$36,563.60
30	14	1 7' 6" Lowe Water Gas Set.	8,135.21	3,792.60	4,342.61
33½	12	1 #7 Root's Exhauster and 7" x 10" N. Y. Engine.	1,506.75	542.40	964.35
30	8	1 8' 6" Lowe Water Gas Set.	16,715.69	4,453.04	12,262.65
20	7	2 Terry Steam Turbines.	141.51	49.49	92.02
25	2	1 #3 Revivifying Machine.	40.00	3.20	36.80
33½	2	1 1¼" Pickering Governor.	36.00	2.16	33.84
25	5	1 6" x 5" x 10" Davidson Pump.	414.83	82.95	331.88
25	5	1 6" x 4" x 6" Worthington Pump.	102.00	2.04	99.96
33½	3	1 ¾" Fisher Control Governor.	19.25	1.71	17.54
25	14	1 Tar Washer.	808.00	452.48	355.52
25	6.5	1 Tar Extractor.	1,048.47	272.55	775.92
40	8	1 Wylie Meter.	1,172.35	234.40	937.95
40	14	1 6" Station Meter.	1,227.84	429.80	798.04
20	5	1 Hoist and Motor.	162.75	4.07	158.68
33½	12	1 #7 Root's Exhauster and 7" x 10" N. Y. Engine.	1,506.75	542.40	964.35
25	2	1 #3 Revivifying Machine.	40.00	3.20	36.80

30	2 B. & W. Boilers.....	(1916-1919)	8,189.11	818.10	7,371.01
20	1 Cunningham Boiler.....	(1919)	5,214.53	130.36	5,084.17
20	1 Erie City Boiler.....	(1914)	2,294.50	573.60	1,720.90
25	1 3' x 5' x 6" Tank.....	(1905)	105.00	58.80	46.20
25	1 Empire Water Meter.....	(1917)	80.00	6.40	73.60
25	1 Moore Pump and Fittings.....	(1918)	22.00	0.44	21.56
33½	1 Feed Water Heater.....	(1919)	404.36	6.07	398.29
25	2 6" x 4" x 6" Feed Pumps.....	(1919)	296.89	5.93	290.96
33½	1 10" x 12" N. Y. Safety Engine.....	(1918)	458.57	20.63	437.94
25	1 4½" x 2½" x 6" Davidson Pump.....	(1906)	88.20	45.76	42.44
25	1 4½" x 2½" x 6" Davidson Pump.....	(1906)	88.20	45.76	42.44
25	2 Bed Plates.....	(1907)	11.20	5.28	5.92
25	1 4½" x 2½" x 6" Davidson Pump.....	(1910)	80.75	29.07	51.68
Forward			\$115,010.71	\$74,095.62	\$40,915.09
Brought forward			\$115,010.71	\$74,095.62	\$40,915.09
25	1 6" x 4" x 8" Davidson Pump.....	(1916)	150.00	18.00	132.00
25	1 6" x 4" x 8" Davidson Pump.....	(1917)	200.00	16.00	184.00
25	Fittings & Petty Cash.....		62.84	5.02	57.82
25	1 Vertical Dial Oil Meter.....	(1919)	61.00	1.44	59.56
50	1 12" Balanced Governor.....	(1906)	282.41	73.32	209.09
50	1 16" Automatic Governor.....	(1915)	600.00	48.00	552.00
50	1 16" Balanced Governor.....	(1915)	325.00	26.00	299.00
25	1 12" x 16" x 12" Air Compressor.....	(1910)	2,193.75	789.75	1,404.00
25	1 8" x 12" x 8" Compressor.....	(1918)	1,303.53	52.14	1,251.39
25	1 Kennedy Telemetric Gauge.....	(1918)	301.00	12.04	288.96
20	1 Hose Cart.....	(1906)	22.50	14.69	7.81

COMPENSANT'S EXHIBIT 107—continued

2671 Life, years	Age, years	Item.	Cost.	Depreciation.	Cost, less depreciation.
20	13	1 Hose 200' of 2"	84.00	51.60	29.40
25	1	7 7½" x 7½" x 6" Snow Pump	365.95	14.63	351.32
20	7	1 Bowser Gasoline Storage	174.25	69.97	113.31
25	4	1 7" x 7" x 10" Davidson Pump	394.84	63.16	331.73
80	3	1 1,000,000 cu. ft. Holder	85,000.25	3,225.00	82,775.25
80	12	1 250,000 cu. ft. Holder	234.81	35.28	199.53
80	12	1 100,000 cu. ft. Holder	45.00	6.72	38.28
50	10.5	1 30" x 30" Oil Tank	3,017.91	633.68	2,384.23
50	.5	1 Steel Tar Tank	233.96	2.33	231.63
50	10	1 Quintard Purifier Box	5,219.68	1,043.93	4,175.75
50	8	1 Bartlett Hayward Co. Purifier Box	3,881.34	620.96	3,260.38
50	3	1 Deep Tar Well	852.26	51.12	801.14
25	.5	1 Flight Conveyor	701.66	14.03	687.63
50	.5	Purifier Connections	1,923.27	19.23	1,904.04
47	5.5	Miscellaneous items	5,751.15	686.40	5,064.75
Total			\$229,393.16	\$81,684.06	\$147,709.10

Comp. Ex. 108, J. A. F.

Public Service Commission for the First District.

File No. —.

Division N. Y. and Queens Gas Co. Contract —, Section —, Acc. No. —,
 Computer, L. Z. Checked by W. R. Date, 6/2/19. Sheet No. 7.
 Subject, Mains, Computation of. Reference, —.

Depreciation as of 12/31/19.

Ref.	Year.	Cost.*	Age in years.	Depr. rate.	Annual dep.	Accrued dep.	Cost, less depreciation.
.....	Prior 8/1/'04	\$117,560.00	20	1.00%	\$1,176	\$23,520	\$94,040
.....	8/1/'04-12/31/'04	8,043.79	15	1.25	101	1,515	6,529
.....	1905	32,366.90	14½	1.25	405	5,872	26,495
.....	1906	20,486.94	13½	1.25	256	3,456	17,031
.....	1907	14,080.05	12½	1.25	176	2,200	11,880
.....	1908	15,758.05	11½	1.25	197	2,265	13,492
.....	1909	16,150.73	10½	1.76	283	2,972	13,179
.....	1910	25,448.84	9½	1.50	382	3,629	21,820
.....	1911	28,815.19	8½	1.45	418	3,553	25,262
.....	1912	10,630.62	7½	1.95	207	1,552	9,079
.....	1913	15,311.64	6½	1.45	222	1,443	13,869
.....	1914	13,423.33	5½	1.90	255	1,402	12,021

*Retirements not deducted.

COMPLAINANT'S EXHIBIT 108—Continued.

Ref.	Year.	Cost.*	Age in years.	Depr. rate.	Annual dep.	Accrued dep.	Cost, less depreciation.
.....	1915	19,238.48	4½	1.50	289	1,300	17,938
.....	1916	11,829.44	3½	1.55	183	640	11,189
.....	1917	7,219.51	2½	2.35	170	425	6,795
.....	1918	4,984.06	1½	2.00	100	150	4,834
.....	1919(a)	14,490.17	½	1.60	232	116	14,374
		<u>\$375,837.74</u>	11.1		<u>\$5,052</u>	<u>\$56,011</u>	<u>\$319,827</u>
		Douglaston Extension.					
	1919	\$122,975.17	1.40%	\$1,722	\$122,975

NOTE.—(a) Exclusive of Douglaston Extension.

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COMPLAINANT'S EX. 109.

At an Adjourned Meeting of the Public Service Commission for the First District Duly Held at Its Office, No. 120 Broadway, in the Borough of Manhattan, City and State of New York, on the 13th Day of October, 1917.

Present:

Oscar S. Straus,
Chairman;
Travis H. Whitney,
Charles S. Hervey,
Commissioners.

Case No. 2235.

In the Matter of the Hearing on the Motion of the Commission as to the Standards for Measurement of the Quality and Power of Gas Manufactured, Distributed, or Sold by Gas Corporations Within the First District and the Rates or Charges for Such Gas Service Based Upon Such Standards.

Order Fixing Heating Standard for Gas.

By Chapter 125 of the Laws of 1906 and amendatory acts of 1916 and 1917, the maximum price for gas manufactured, furnished or sold in the City of New York, the illuminating power of which is fixed at not less than twenty-two (22) sperm candles as more fully set forth, is prescribed at eighty cents per thousand cubic feet, in the Borough of Manhattan, in the first ward of the Borough of Queens, in the Borough of Brooklyn (including the territory annexed to the County of Kings by Chapter 410 of the Laws of 1915, as amended) and in the Borough of the Bronx, except that portion of it formerly contained in the town of Westchester outside of the villages of Wakefield and Williamsbridge, and at one dollar per thousand cubic feet in the Borough of Richmond and in the second, third and fourth wards of the Borough of Queens (except the territory annexed to the County of Kings by Chapter 410 of the Laws of 1915, as amended).

By the provisions of the Public Service Commissions Law, and particularly by Section 66, Subdivision 5, and Section 72 thereof, this Commission may, by order, fix the maximum price to be charged for gas by any person or corporation furnishing gas service, but at not exceeding that fixed by statute.

By the provisions of the Public Service Commissions Law, and particularly by Section 66, Subdivisions 1, 2 and 3, this Commission has the power by order to fix from time to time standards for the measurement of the purity of gas and for the measurement of the illuminating and heating power of gas to be manufactured,
2674 distributed or sold by persons or corporations for lighting, heating or power purposes, notwithstanding that another

standard for the measurement of any thereof may have been fixed by statute; to require the gas so manufactured, distributed or sold to equal the standards so fixed by it, to determine whether such gas conforms to such standards, and to order reasonable improvements in connection with the manufacture and distribution of gas.

The War Department of the United States by its responsible officers has communicated to the Commission, in writing and verbally, that a public emergency exists requiring that the gas corporations subject to the jurisdiction of this Commission immediately enter into arrangements with the National Government upon suitable terms of compensation to begin the production, as soon as possible, of certain ingredients essential to the conduct of the present war by the United States which can be more effectively recovered from gas manufactured by the said corporations under a heating power standard than from gas manufactured under an illuminating power standard, and requesting this Commission to fix a heating standard for gas manufactured, distributed or sold by gas corporations subject to the jurisdiction of this Commission. Also, a hearing has been duly had in this proceeding by and before the Commission on September 18, 1917 and adjourned dates upon notice to all gas corporations subject to the jurisdiction of this Commission; and the Commission has made investigation and is of the opinion that a public emergency exists rendering it necessary that in the conduct of the war gas corporations manufacturing gas shall produce certain ingredients which can be produced advantageously under a heating value standard, and that it is just, reasonable and proper to fix standards for the measurement of the heating power of gas to which gas corporations subject to the jurisdiction of the Commission shall conform at their election as an alternative to the illuminating standard now fixed by statute, for the period during which the United States may be engaged in the present war; it is

Ordered

I. This Commission hereby fixes a monthly average total heating power of not less than six hundred and fifty (650) British thermal units per cubic foot (ascertained as hereinbelow set forth) as a standard for the measurement of the heating power and thereby the quality of gas to be manufactured, distributed or sold by gas corporations subject to the jurisdiction of this Commission and furnished to consumers at a price not in excess of that now fixed by law or by any order of this Commission. Provided, however, that such heating power standard shall not be, and is not intended to be, in derogation or a repeal of any other standard for the measurement of the quality of gas now fixed by statute, but shall be a standard to which gas shall conform as an alternative, under the election herein provided, to that fixed by statute.

(a) The average total heating power, for any three consecutive days in any calendar month, shall not be less than six hundred and fifteen (615) British thermal units per cubic foot.

(b) In determining the heating power, the gas shall be corrected to a temperature of sixty (60) degrees Fahrenheit and thirty (30) inches of mercury.

(c) Each test to determine the heating quality of the gas shall be made according to approved methods, and in conformance with regulations which may be prescribed by this Commission and at such location or locations as shall be approved by the Commission not less than one-half mile distant in an air line from any manufacturing or distributing station of the gas corporation.

(d) The daily heating power of gas at each testing station shall be determined by averaging all the tests made at such station; the daily heating power of gas furnished by the gas corporation
2675 to its consumers shall be determined by averaging the daily heating power of gas at all the testing stations of the supplying corporation; the monthly average heating power of gas furnished by a gas corporation shall be determined by averaging the daily heating power of gas furnished by the gas corporation to its consumer as shown by tests made on not less than twenty days in a calendar month.

II. That the gas manufactured, distributed or sold by gas corporations subject to the jurisdiction of this Commission shall conform to the standard of quality prescribed by any statute now in effect, or, in the alternative, for a period not longer than until three months after the termination of the war in which the United States is engaged, and at the election of any such gas corporation to be made and evidenced only in the manner and in accordance with the terms hereinbelow set forth, to the heating standard prescribed in this Order and elected by such gas corporation.

III. That any gas corporation may exercise the option to furnish gas in conformity with the heating standard fixed in this Order by filing with the Commission a statement in writing, duly authorized by such gas corporation and signed and duly acknowledged, stating that such gas corporation will thereafter and for a specified period, but not longer than the duration of the war in which the United States is engaged and three months thereafter, manufacture, distribute or sell gas within the City of New York which shall conform to the heating standard herein prescribed and in compliance with each and every one of the following terms and conditions:

(a) That the rate to be charged or received per one thousand cubic feet for gas manufactured, furnished or sold within the City of New York under the heating standard herein prescribed in Paragraph I shall not exceed the sum of eighty cents or, where such person or corporation is authorized by law or by any order of this Commission to charge a higher rate, shall not exceed such lawful rate.

(b) That, in the event that such gas corporation shall propose to furnish gas of a heating quality less than six hundred and fifty (650) British thermal units monthly average total heating power per cubic

foot, and shall notify the Commission in writing (duly authorized by the gas corporation and duly signed and acknowledged) of its intention so to do and of the minimum monthly average total heating power for such gas, the rate to be charged or received per one thousand cubic feet for such gas within the City of New York shall not exceed the rate which such person or corporation is now authorized to receive and collect by law or by order of this Commission for gas furnished by it in the City of New York less a per cent (not including fractions of one per cent) equal to the per cent by which the number of British thermal units monthly average total heating power per cubic foot of the heating power elected shall be less than six hundred and fifty (650) British thermal units.

(c) That such gas corporation will provide and maintain such suitable testing stations, apparatus and facilities as may be required and approved by the Commission for use in testing by direction of the Commission the heating power of gas manufactured, distributed or sold by it, and will make all tests subject to the supervision of this Commission and its responsible engineers or agents duly authorized.

(d) That such gas corporation will keep posted in its principal office, in a place readily accessible to its customers and open to their inspection, a statement of the average daily heating power of the gas furnished during the preceding calendar month as shown by the tests made under the direction of the Commission as hereinabove provided, in order that the consumers and the public may be advised of the quality of the gas being supplied.

(e) That such gas corporation will, upon the application of any consumer who at the time this provision becomes effective
2676 obtains illumination exclusively from open flame burners, provide and install upon such consumer's premises free of any charge, one efficient incandescent lamp complete with mantle, of a type to be certified by the Chief Gas Engineer of the Commission, for each room, but not more than two rooms, occupied by such consumer. Provided, however, that such gas corporation shall not be required to replace, renew or repair any mantle burner so furnished free of charge.

(f) That such gas corporation will notify its consumers of their right to have provided and installed incandescent lamps in pursuance of the terms of subdivision (e) of this paragraph, by a printed notice on or attached to all bills rendered to the consumers of such corporation during the month following the date of notification filed with the Commission of the election to furnish gas under the heating standard.

IV. That this order shall be without prejudice to any further or other order in respect to rules and regulations governing the testing of gas furnished under a heating power standard or in respect to any other matter covered by the hearing resolution adopted in this case on August 20, 1917, after further hearings in this proceeding or a separate proceeding.

V. That this Order shall take effect at once, and shall continue in force until the further order of the Commission unless abrogated or otherwise changed by order of the Commission.

By the Commission

[L. S.]

GEORGE F. DAGGETT,
Acting Secretary.

2677 Mr. Mintz:

Advance Sheets P. S. C. Opinions, Oct. 13, 1917. Case No. 2235.

2678 STATE OF NEW YORK:

Public Service Commission for the First District.

Case No. 2235.

In the Matter of the Hearing on the Motion of the Commission as to the Standards for Measurement of the Quality and Power of Gas Manufactured, Distributed, or Sold by Gas Corporations Within the First District and the Rates or Charges for Such Gas Service Based Upon Such Standards.

Memorandum.

STRAUS, *Chairman*:

At the time this proceeding was instituted on the motion of the Commission, its scope and purpose were outlined in a memorandum filed by Commissioner Whitney.

The Commission had in two prior proceedings (Cases Nos. 2066 and 2207), the records of which have been incorporated in the present proceeding, considered the results of operation by gas companies in the City of New York under the 22 candle-power standard prescribed by Chapter 125 of the Laws of 1906. As pointed out in Commissioner Whitney's memorandum, the testimony before the Commission was in agreement that a heating standard had become preferable to a candle power standard, primarily because at the very least eighty per cent of the gas used was for heating and not for lighting purposes and therefore its proper test was the thermal rather than the illuminating power. As to gas used for illumination, it appeared that the most efficient method of illumination could be secured through the use of mantles, which depended upon heating value and not candle power. As a further important reason for the advisability of a change in the gas standard, it was pointed out in that memorandum that with such change of standard the companies would be in a position to respond to national requirements for certain by-products necessary for war purposes concerning which the Commission had already been advised by the Federal authorities.

2679 The Legislature has expressly empowered the Commission to change the gas standard, notwithstanding that a particular standard had been previously fixed by the Legislature

itself. The present gas standard in the City of New York is fixed by Chapter 125 of the Laws of 1906, which enacted that a corporation engaged in the business of manufacturing, furnishing or selling illuminating gas in the City of New York except in specified parts,

"shall not charge or receive for gas manufactured, furnished or sold in said city a sum per one thousand cubic feet in excess of"

specified rates which now, under the amendments to the Act, are fixed at eighty cents for nearly all parts of the City. By Section 2 of the Act it is provided that

"The illuminating gas furnished by any such corporation, association, copartnership or person shall have an illuminating power of not less than"

what is briefly termed 22 candles, tested at a distance of not less than one mile from the distributing holder. The provisions of this Act are inapplicable to gas furnished or sold to the municipality of The City of New York. (Sec. 4, now Sec. 5 of the Act.)

The passage of chapter 125 of the Laws of 1906 was preceded by a famous and thorough legislative investigation which terminated in a recommendation of such legislation. Its passage was succeeded by a protracted litigation terminating in a decision of the Supreme Court of the United States, in January, 1909, (212 U. S. 19), upholding the constitutionality of the statute. In the delegation of powers to the Commission, the Legislature expressly imposed a limitation upon the rate making function of the Commission in the provision of Section 72, Public Service Commissions Law, that the Commission may not fix a gas rate in excess of that fixed by the statute, to wit, 80 cents per thousand cubic feet. The investigation, the public discussion necessary to secure the legislation, the character of the litigation and the reservation by the Legislature to itself of the power to raise the 80 cent gas rate were such as to make the Eighty Cent Gas Law, in the minds of the people of New York City, a fundamental provision of law. It should not be changed except by the authority which created it or by the authority which sustained it. As to the possibility that the law might at some time prove a hardship to the companies, the Supreme Court said

Willcox v. Consolidated Gas Co., 212 U. S. 19, decided January 12, 1909, (pp. 54-55).

2680 "Upon a careful consideration of the case before us we are of opinion that the complainant has failed to sustain the burden cast upon it of showing beyond any just or fair doubt that the acts of the legislature of the State of New York are in fact confiscatory.

"It may possibly be, however, that a practical experience of the effect of the acts by actual operation under them might prevent the complainant from obtaining a fair return, as already described, and in that event complainant ought to have the opportunity of again

presenting its case to the court. To that end we reverse the decree, with directions to dismiss the bill without prejudice."

The companies have the undoubted right at any time to make such application to the Supreme Court of the United States, if in their opinion the law creates a confiscatory result. This Commission cannot hamper such rights of the companies. On the other hand, this Commission should not, in the light of the history of that law, do anything which would lessen the obligations of the companies or take any step that would change the processes available to the gas corporations for relief from any of the obligations of that law. In fact the Commission does not have the power directly to authorize a higher rate for gas than prescribed by the law, and, while it has the power to change the standard of the quality, it does not appear to have the power indirectly to do what it cannot do directly, that is, by lowering the quality to force consumers to use a greater quantity of gas to secure service equivalent to that received under the present statutory quality, and thus produce higher bills to the consumers. The Commission would seem limited to a consideration of a change of standard for the measurement of the quality of gas now legally required. This, however, does not prevent the fixing of a scale of correspondingly decreasing quality and rate.

That the Commission should have power to fix another standard for the measurement of the quality of gas must have been clearly in the mind of the Legislature when it expressly provided, by Section, 66, subdivision 3, of the Public Service Commission Law, that the Public Service Commission shall

"have power by order to fix from time to time standards for the measurement of the purity of gas and for the measurement of the illuminating power of gas and for the measurement of the heating power of gas, to be manufacturer, distributed or sold by persons, corporations or municipalities for lighting, heating or power purposes, notwithstanding that another standard for the measurement of any thereof may have been fixed by statute. * * *

2651 A national emergency now confronts the Commission which makes it imperative that, in the exercise of powers conferred upon the Commission it take action, more immediate than was originally contemplated, to coordinate the industry of manufacturing and supplying gas in the City of New York to paramount national needs. Any delay in the action necessary to place the companies in a position to meet the requisition of the government for a certain by-product of gas which can be recovered in sufficient quantity only if gas be manufactured under a thermal standard would jeopardize national interests. The Federal Government has made direct representations to the Commission that it is urgently necessary that the operations of the principal gas plants in this City and elsewhere be made available for the production of an important ingredient essential to war operations. To accomplish this, it becomes necessary for the period of war to permit the gas companies to exercise the option of furnishing gas on a thermal basis.

It is not contemplated that this service should be uncompensated, for the National authorities are prepared to pay a fair equivalent. Because of this readiness of the National authorities to guarantee against loss and possibly even allow a reasonable profit, the national exigency should not be made the opportunity of the gas companies for a betterment in earnings or profits at the expense of the consumers, through a lowering of quality by means of a change in standards. Any right to an increase in rates should be determined through the exercise of legal processes available to the gas companies. Any action herein at the present time does not permit a decrease in the value of service available to consumers at the present eighty cent gas rate; but because of a National emergency will give freedom and opportunity for the production of a different standard of gas so as to be able to serve the National requirements.

The Commission has given careful consideration to data and testimony that would disclose the thermal content of the gas now actually furnished by the companies under existing requirements of law. By authorization of the Commission, Mr. W. F. Hine, its Chief Gas Engineer, has established testing stations throughout the City, and from January to the present time has supervised tests in these stations, as well as secured the results of tests conducted in testing stations maintained by the City under procedure agreed to. The results of these tests, down to and including August 31st, are set forth in Exhibit I herein. A summary sheet of this Exhibit is as follows:

Tabulation of Tests Made from January 1st to August 31st, Inclusive.

Company.	Testing station.	Illuminating value in candles.			Heating value in B. T. U.		
		No. tests.	No. max.	Min.	Ave.	No. tests.	Ave.
Consol.—Br. 1.....	Grand	87	23.4	19.6	22.0	86	665
" —Br. 2.....	"	86	24.2	19.4	22.0	704	665
" —Br. 3.....	"	87	22.7	19.4	22.1	693	666
" —Br. 3.....	"	133	24.0	20.8	22.6	686	665
" —Br. 4.....	E. 79th St.	132	24.1	21.1	22.6	703	671
" —Br. 6.....	"	132	24.3	20.5	22.6	707	672
"	59 Walker	162	24.9	19.8	22.2	708	670
Consolidated.....	All	819	24.9	19.4	22.3	706	668
New Amsterdam.....	Grand	88	23.6	19.4	21.9	708	669
"	E. 79th	133	24.6	21.4	22.6	691	664
New Amsterdam System	221	24.6	19.4	22.3	712	672
N. Y. Mutual.....	Grand	88	23.2	19.1	21.4	712	669
Standard.....	E. 79th	133	24.0	21.3	22.6	675	656
Gen. Union.....	3rd. Ave.	242	26.1	19.5	22.7	715	672
N. Y. & Queens.....	Flushing	88	23.4	20.5	22.3	721	675
Consolidated System.....	1591	26.1	19.1	22.3	64	651
B. U. G.—Wmsburg.....	Lee	98	26.1	19.5	22.6	1667	668
						63	638

Tabulation of Tests Made from January 1st to August 31st, Inclusive—Continued.

Company.	Testing station.	Illuminating value in candles.				Heating value in B. T. U.			
		No. tests.	No. max.	Min.	Ave.	No. tests.	Max.	Min.	Ave.
B. U. G.—Nassau.....	Lee.....	97	26.2	19.5	22.7	43	730	617	639
"—Fulton.....	Court.....	129	25.8	17.3	21.7	119	691	586	630
"—Citizens.....	".....	139	27.0	16.9	22.4	138	697	568	637
"—Metro.....	4th Ave. ..	239	24.3	19.1	21.8	134	679	608	636
Brooklyn Union System.....	702	27.0	16.9	22.2	517	730	568	636
Bronx Gas.....	Morris Pk.	199	27.4	17.8	23.0	88	737	614	680
Kings Co.....	N. Utrecht ..	154	25.4	20.2	22.7	89	665	599	627
Bklyn. Boro.....	Coney I. . .	135	25.3	18.7	21.9	77	663	608	636
Queens Boro.....	Hammels ..	163	26.7	20.7	23.5	145	750	615	663
N. Y. & Richmond.....	N. Brighton ..	202	23.1	18.2	21.1	61	669	607	636
Independent Companies.....	853	27.4	17.8	22.6	460	750	599	659
All Companies.....	3146	27.4	16.9	22.4	2644	750	568	659

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From this summary it appears that the average thermal content of gas furnished during this period under the requirement of 22 candle power was actually 659 British Thermal Units per cubic foot; that is to say, at least eighty per cent of the gas used by consumers for heating purposes, although furnished under a candle power standard, actually gave those consumers the benefit of 659 thermal units per cubic foot, which they were free to use, whether for household, commercial or scientific purposes, to its greatest efficiency or inefficiency. To illustrate, the practice has been in use by large concerns of buying coal on the basis of its B. T. U. content, yet it has never been contended that the coal producer should be paid on the basis of the thermal units utilized by the purchaser. If such a principle were adopted the most efficient user of coal or gas would pay the highest price per quantity unit and the most improvident user the lowest price. In the case of the Consolidated System, which furnishes over sixty per cent. of the gas used in the City, the average thermal content was 668. In the Brooklyn Union System, which furnishes some thirty per cent. of the gas used within the City, it was 636. In the case of the five so-called independent companies which produce about five per cent. of the gas used within the City, the average thermal content was 659.

The companies contend, however, that such an average should not be taken into consideration in the fixing of a measure of a heat standard in changing from a light standard of 22 candle power. They contend that candle power is variable and therefore the heat content is variable; that there is no exact relation between a lighting and heating content; that, as these variations are so great, devices must be so designed as to meet these variations without the opportunity of constant adjustment, with resulting loss in efficiency; that gas produced under a standard which would obviate the greater part of the variations would allow a higher percentage of efficient use, and that gas at a standard of 585 British Thermal Units would give consumers at least as much efficiency as gas of 22 candle power.

In support of these contentions the Consolidated System produced as a witness Captain O. H. Fogg, formerly an employee of the company in charge of the Bureau of Utilization, who testified that using, under exact laboratory conditions, a 22 candle power gas,

2684 which happened to have a thermal content of 660, he was able to design devices which developed in the laboratory an efficiency of sixty-seven per cent. of the thermal content and

that when such devices were put out in service they were so inefficient as to require a re-study, and that testing these devices in the laboratory under the variations incident to gas actually furnished to the consumer, an efficiency of only fifty-eight per cent. was developed; that the gas furnished under a thermal standard would be free in large measure of such variations that caused the drop from sixty-seven per cent. to fifty-eight per cent. in efficiency, and that, therefore, gas furnished under a standard of 585 British Thermal Units would allow consumers to utilize more thermal units per cubic foot than would be possible with 22 candle power gas.

It will be noticed that this conclusion cannot necessarily be drawn

from such premises. Captain Fogg admitted that he had made no tests other than of 22 candle power gas. He did not test gas of the 660 quality, other than as the 22 candle power gas happened to contain that content, nor did he test gas with the 585 content, either under laboratory or service conditions, nor did he test gas of decreasing thermal or lighting content in order to determine at what point the greatest efficiency was obtainable. In his tests as to the percentage of efficiency he used only range burners, whereas other users of gas than cooking may utilize the heat content much in excess of sixty-seven per cent whether the measure be 660, 585 or lower. It would appear, therefore, that his tests and his testimony cannot sustain the conclusion that was sought to be drawn from his testimony, and its effect is largely negated by the following question and answer, at page 216 of the record:

"Commissioner Whitney: Assuming that you have two tanks of gas, and one is 585 gas and the other is 660 gas, of uniform quality in two tanks, and the devices you are going to use are adjusted to their highest efficiency for the particular quality of gas, of which gas will you have to use the greater quantity in order to raise a given quantity of water to a given number of degrees?"

The Witness: You have to use the greatest quantity of the low-heat-value gas under those conditions.

Commissioner Whitney: That is the 585 gas?

The Witness: Yes."

The fact is that consumers using gas for essentially heating purposes now have the opportunity of utilizing, as far as may be scientifically possible, the heat content of the gas actually furnished 2685 at 22 candle power, and Captain Fogg's answer above clearly discloses the fact that, if gas be furnished having a thermal content substantially lower than that now actually received by consumers, such consumers will have to use a greater quantity of gas in order to produce the results possible under the gas now actually furnished. In further substantiation of this admission by Captain Fogg is the testimony of Mr. W. F. Hine and Mr. R. S. McBride, associate scientist of the Bureau of Standards of Washington. Mr. Hine testified, at pages 52 and 53 of the record, as follows:

"By Mr. Ransom:

Q. That is, a man who now was using, say 8,000 cubic feet of gas per month, if there was a lowering of the standard through abolition of the candle power standard and substitution of 565 or 585 B. T. U.'s, that man would have to use, to obtain equal service and results, more than 8,000 cubic feet in a month?

A. Yes.

Q. So that unless the change is to mean in effect an increase in the rates or an increase in the returns of the company, a decrease in the number of B. T. U.'s required as a minimum standard must be accompanied by a proportioned change in the cost per thousand cubic feet of gas?

A. Generally speaking that is so."

"Chairman Straus: What I want to find out, and I think the witness has answered very clearly, is that if the number of B. T. U. units are materially lowered, that in order to obtain the same light or heat more feet of gas would have to be used than before?

The Witness: Yes, sir.

Chairman Straus: You are clear about that?

The Witness: Yes, sir.

By Mr. Ransom:

Q. In so far as light is concerned you would have to use very much more gas to obtain an equal quantity of illumination based on the illuminating basis?

A. Through an open flame burner, yes.

Q. Very much more?

A. Very much more.

Q. On the heat proposition, whether heat is a means of generating light or heat for other purposes, you would have to use more gas to obtain equal service?

A. Yes, sir."

Mr. McBride, at pages 98, 101 and 107 of the record testified as follows:

"Q. So that would you say that the usefulness of a given quantity of gas, let us say a thousand cubic feet, and the results secured by the customer were increased or decreased by a decrease in the number of thermal units per thousand cubic feet of gas?

A. The service which a customer can get from any gas depends primarily upon the amount of heat which that gas will give when burned.

"Q. So that the relation between the price of the gas and the efficiency of gas is a relation between the price per thousand feet and the number of B. T. U.'s and it is not a relation merely between price and number of thousand feet irrespective of B. T. U.'s.

A. I think that the heat unit must be taken into account in determining which is the better gas to supply.

Q. And the correct price?

A. Yes, and in a certain sense the price must always enter into any determination of standard, because the quality of a thing is not the only thing that determines its desirability to a user. The amount of service which you get for each dollar that you pay out determines the satisfaction, whether it be gas or any other commodity that you buy.

Q. So, if the consumers were ordinarily receiving gas, let us say, of 685 B. T. U.'s and that was reduced so that they began to receive gas containing 300 B. T. U.'s that would necessarily have a relation to price?

A. Unquestionably.

Q. And the price would be based upon the decreased number of heat units obtained?

A. I would rather say that the desirability of changing the heat

unit supply would depend upon whether you could make an appropriate change in price.

Q. That is, the desirability of change in the standard, would in your judgment, depend upon the possibility of bringing about a proportionate and appropriate reduction in price?

A. If the price cannot be reduced in at least approximately the same percentage as the heat utility is reduced, I see no reason for reducing the heat units.

Q. Taking for example, a thousand cubic feet of gas which at the present time we will say contains 685 B. T. U.'s and the company changes its standard and its method so that they only supply 500 or 550 B. T. U.'s per thousand cubic feet of gas. The price per thousand cubic feet of gas for the 685 B. T. U.'s is 80 cents. Would you say that the price should be such that for his 80 cents after the change in standard, the customer should get approximately exactly the same number of B. T. U.'s which he formerly got for his 80 cents?

A. I think he should."

"By Commissioner Hervey:

Q. Do you think the value of the gas to the consumer reduces in exact proportion as the reduction of B. T. U.'s?

A. Almost exactly.

Q. Would you regard a 325 B. T. U. gas as worth half as much as a 650 B. T. U. gas to the consumer?

A. With certain appliances it would be difficult to accomplish a change as great as that, but assuming appliances were properly replaced or readjusted, I should say that the relation was approximately two to one."

2687 It would seem, therefore, that from all the data and testimony available the Commission must conclude at the present time that on a change of standard the actual thermal content of gas now furnished must be taken as the basis of measurement for a thermal standard. In respect to Exhibit I herein previously referred to Mr. McBride testified, at pages 130 and 131 of the record, as follows:

"Q. What do you think 22 candles means interpreted in heat units?

A. Varying according to the kind of gas, that is, whether straight water gas or mixed coal and water gas, depending upon the skill of the manufacturers and depending upon the kind of oil which he gets in the making of water gas, or the kind of coal for the making of coal gas. I consider that 22 candles means from perhaps 630 to 675 annual average. I mean by that that if the gas maker regularly meets the 22 candle power requirement he can be expected to supply from 630 to 675 B. T. U.'s per cubic foot on the average throughout the year depending upon the various conditions which I have stated."

"Q. You would not attempt to draw any definite conclusions from the results shown by these tests in Exhibit I, would you?

A. I would, for the reason that they confirm very closely the ex-

perience which I have had in examining results from many other localities, and from localities where tests have extended over considerable periods of time. However, figures are more pertinent, in any locality than data from any other locality."

Accordingly, the standard herein proposed provides that without derogation of standards now fixed by statute any company may, either because of proposed or actual contracts with the National Government, or otherwise, have the option to adopt as a standard for the furnishing of gas to consumers a thermal content of 650 B. T. U.'s per cubic foot to be furnished at the statutory rate. This, in the opinion of the Commission, taking into consideration deviations below the legal candle power, represents as nearly as can now be determined, the thermal content of gas now furnished under the legal requirement of 22 candle power. The order further provides that if the thermal content is reduced, whether through national requirements or large quantities of by-products, through economy in manufacture, or otherwise, a discount shall be allowed on the bills for gas to consumers equivalent to the reduction in the thermal content from the standard fixed by the order.

It must be clearly understood, however, by the public that the price of gas is not hereby affected and is to remain as fixed by statute unless changed by a legal process outside of this proceeding. If a discount on bills is allowed, it must be understood to be only because national authorities are requiring by-products in such quantities as to cause a reduction in thermal content. The national authorities are anxious that consumers shall not suffer the amount of their gas bills because of the abstraction of by-products, and the order, therefore, provides for a discount on bills corresponding to a reduction in content. The Commission has no doubt, from information given to it, that in the contracts between the Government and the gas companies due allowance will be made, as a part of the cost of furnishing by-products, for any reduction in price to the companies arising from discounts made necessary by such reduction in thermal content.

Obviously when the Government ceases to require by-products there will be no necessity for discounts on consumers' bills. In fact, at later than three months after the termination of the war the companies will have the right to return, upon proper notice to the Commission, to the candle power standard fixed by statute. Whether the Commission will change permanently the standard for gas is a matter for future and further evidence and consideration. The occasion of national requirements, with the financial guarantees in the Federal contracts will contain, presents an opportunity for study, during the period of the war, of methods of manufacture, efficiency of utilization and extension of the uses of gas, for heat purposes.

The Commission is mindful that it promised an opportunity for public discussion and argument before reaching a conclusion as to permanent change of standard. Exigencies presented directly to the Commission by Gen. Crozier and other officers of the War De-

1709

partment are such that the Commission feel under the paramount necessity, without any further loss of time, of suspending further hearings, at this time, and reaching the conclusion herein expressed, and as further set forth in detail in the order herein, in order that the national authorities may be free to use the conclusions herein as a basis for negotiations and contracts with the gas companies that must be entered into at once. The public may be assured that its

interests have been fully protected by the Commission, while
2689 at the same time, the companies, because of the attitude of the national authorities, will not be put at any loss or disadvantage by reason of the change. Such status is now affected as are all individuals and corporations by the conditions and requirements of the war and must be dealt with outside of any consideration of a change of standard.

The Commission appreciates the expressed readiness of the companies to place themselves at the disposal of the Government. It has, therefore, in order to expedite negotiations to the extent of its power given the companies the option and freedom to conclude contracts based on the option now allowed, so that without loss of any time they may proceed to the production of the necessary by-products.

COMPLAINANT'S EXHIBIT 110.

2690 *Order of Special Term Allowing Writ of Certiorari.*

At a Special Term of the Supreme Court, Part II Thereof, Held at the Court-house, New York County, February 28, 1918.

Present—Hon. Edward G. Whitaker, Justice.

THE PEOPLE OF THE STATE OF NEW YORK ex Rel. NEW YORK AND QUEENS GAS COMPANY, Relator,

against

OSCAR S. STRAUS, TRAVIS H. WHITNEY, CHARLES S. HERVEY, F. J. H. KRACKE and Charles Bulkley Hubbell, Commissioners, Constituting the Public Service Commission of the State of New York for the First District, Respondents.

Order Allowing Writ.

On reading and filing the petition of the New York and Queens Gas Company, duly verified herein on the 26th day of February, 1918, and on motion of Sherman & Sterling, attorneys for the relator, it is

Ordered:

I. That the said petition be and the same is hereby granted and that a writ of certiorari issue out of and under the seal of this Court directed to and commanding Oscar S. Straus, Travis H. Whitney,

2691 Charles S. Hervey, Charles Bulkley Hubbell and F. J. H. Kracke, constituting the Public Service Commission of the State of New York, for the First District, to certify and return to this Court, at the office of the Clerk of the County of New York, within twenty days after the service of the said writ, all and singular their proceedings, orders, evidences, decisions and determinations in the premises, as prayed in the said petition.

II. That within the same time a copy of the said return be served upon Shearman & Sterling, attorneys for the relator, at their office, No. 55 Wall Street, Borough of Manhattan, City of New York.

Notice of the application for the writ of certiorari herein is hereby dispensed with.

Enter,

E. G. W.,
J. S. C.

2692 COMPLAINANT'S EXHIBIT 111.

Petition for Writ of Certiorari—Submitted to Special Term.

Supreme Court, New-York County.

THE PEOPLE OF THE STATE OF NEW YORK ex Rel. NEW YORK AND QUEENS GAS COMPANY, Relator,

against

OSCAR S. STRAUS, TRAVIS H. WHITNEY, CHARLES S. HERVEY, F. J. H. KRACKE and Charles Bulkley Hubbell, Commissioners, Constituting the Public Service Commission of the State of New York for the First District. Respondents.

Petition for Writ of Certiorari.

To the Supreme Court of the State of New York:

The petition of the New York and Queens Gas Company respectfully shows:

I. At all the times subsequent to about the 12th day of July, 1904, your petitioner was and it now is a corporation duly organized under and by virtue of the Transportation Corporations Law of the State of New York, having an authorized and issued outstanding capital stock of \$600,000, par value, and authorized by its charter to manufacture and supply gas for lighting streets and public and private buildings in the City of New York, Borough of Queens, County of Queens, City of New York.

2693 II. On or about the 29th day of July, 1904, your petitioner acquired a certain plant and gas works, located in the former Village of Flushing, in the Third Ward, Borough of Queens, in the City of New York, together with a system of mains and service pipes, for the distribution of gas from such plant and works to various

portions of said Ward, said plant, gas works and the distributing system having been employed for many years by predecessor corporations in the manufacture and sale of gas in said Ward. On or about said 29th day of July, 1904, your petitioner also acquired various consents to lay conductors for conducting gas through the streets, lanes, alleys, squares and highways of said Ward, granted to various individuals and corporations by the former municipal authorities having jurisdiction so to do, prior to the consolidation of said Third Ward into and as part of the City of New York and, in part, it acquired a certain franchise granted by the Commissioners of Highways of the former Town of Flushing to the Flushing Gas Light Company, on the first day of May, 1897, wherein and whereby authority was granted to the said Flushing Gas Light Company to lay its conductors, mains and pipes for conducting gas through, along, upon, over, under and across the public highway, roads, streets, lanes, avenues, places and squares in the said Town of Flushing not included in any incorporated village, for the purpose of lighting public highways, roads, streets, lanes, avenues, places and squares and public and private buildings, upon the conditions, (1) that said corporation should at no time disturb or break the earth, pavement or macadam or flagging therein for the purpose of laying any conductors, mains or pipes without first having obtained 2694 the written permit of the Commissioners of Highways of said Town or their lawful successors; (2) that said corporation should in no case lay any conductor or main until the line of such conductor or main in such highway, road, street, lane, alley, avenue, place or square should have first been located on the ground therein by the Commissioners of Highways of the Town of Flushing or their lawful successors; and (3) that such consent should terminate with the expiration of fifty years from the date thereof.

III. Since the month of July, 1904, your petitioner has operated the gas works, plant and distributing system so acquired by it and has, from time to time, extended, enlarged and improved the same, and your petitioner is now engaged in the manufacture and sale of gas for public and private purposes in various portions of the Third Ward of the Borough of Queens.

Your petitioner has no mains or service pipes in that portion of said Ward known as Douglaston, including Douglas Manor, or Little Neck, all of which communities lie east of Alley Creek and are widely and permanently separated from the other territory served by your petitioner by the waters of Alley Creek and low marshy land along the banks of the same and by the waters of Little Neck Bay.

The nearest mains of your petitioner to said communities extend only to Bayside, nearly half a mile east of Alley Creek and more than a mile from the nearest portions of said communities.

IV. Pursuant to Chapter 480 of the Laws of 1910, as amended, the Public Service Commission for the First District was established.

of which the respondent, Oscar S. Straus, is now the Chairman, and the respondents, Travis H. Whitney, Charles S. Hervey, Charles Bulkley Hubbell and F. J. H. Kracke are the remaining members; and upon them is conferred, by said statute, their jurisdiction and authority as such Commission; and, by virtue of the said Act, the Commissioners are charged with the supervision of gas and electric companies and are given power to order reasonable improvements and extensions of the works, lines, conduits, ducts and other reasonable devices, apparatus and property of gas and electric corporations.

V. On or about the 23d day of July, 1914, the Public Service Commission for the First District, as then constituted, upon its own motion, gave notice of a hearing for the purpose of inquiring and determining whether an order should be made directing your petitioner to extend its gas mains, service and other apparatus to such extent as might be necessary to furnish gas to the residents of Douglaston and Little Neck, in the Borough of Queens, City of New York; and, pursuant to such notice, hearings were held on said question before said Commission on the 29th day of July, 1914, and on other days to which said hearing was adjourned, at which hearings evidence was adduced by said Commission in support of such proposed extension and evidence was adduced by your petitioner in opposition thereto, but as the hearings were held in mid-summer, when the petitioner's principal officers and witnesses were out of town, no complete presentation of the case from the petitioner's point of view was made; and at least four of the Commissioners voted in favor of the said order upon the assumption of an irrelevant fact, which did not exist.

2696 VI. On the 19th day of March, 1915, said Commission, as then constituted, notwithstanding such incomplete presentation and hearing, made its order, whereby it was directed that your petitioner should extend its gas mains and services in such a manner as might be required reasonably to serve with gas that community lying in the Third Ward of the Borough of Queens, City of New York, and known as Douglaston, including Douglas Manor, that construction of said proposed extension should be begun not later than April 30, 1915, and be completed, as far as Alley Road or Main Avenue, Douglaston, by September 1, 1915, and that on or before April 30, 1915, your petitioner should file with said Commission a general plan or lay-out, showing a proposed transmission and distribution system to be installed pursuant to the terms of the said order. A copy of the said order is hereto annexed and marked "Exhibit A."

The Chairman of the Commission, in voting against the adoption of the said opinion, caused the following minute to be entered upon the record in said proceedings:

"Record me in the negative, on the ground that it is an unreasonable order, in that the expense cannot possibly be met within a

reasonable time and the company would not receive a reasonable return upon the cost of the extension."

VII. Thereafter and on or about the 10th day of April, 1915, your petitioner duly filed with said Public Service Commission for the First District its duly verified petition, praying for a rehearing upon said order, on the grounds that said order was unjust
2697 and unreasonable and amounted substantially to a confiscation of the property of your petitioner, that said order was illegal and void because in contravention of the Fourteenth Amendment to the Constitution of the United States, in that it deprived your petitioner of its property and denied to your petitioner the equal protection of the laws, that the evidence presented in said proceeding was insufficient to justify the issuance of said order, that said order was arbitrary and oppressive and that the extension required to be made by said order was not a reasonable improvement or a reasonable extension within the meaning of Subdivision 2 of Section 68 of the Public Service Commissions Law, and upon the further ground that said Commission erred as in said petition more particularly set forth

VIII. On the 27th day of April, 1915, the said Commission made an order denying the aforesaid application for a rehearing.

IX. Thereafter, on the application of your petitioner, this Court, on the 30th day of April, 1915, duly made an order, directing that a writ of certiorari issue out of and under the seal of the Court to the said Public Service Commission, as then constituted, which said writ, duly allowed and issued on the same day, directed that within twenty days after due service of the said writ upon it, the said Commission should certify and return to the said Court, at the office of the Clerk of the County of New York, all and singular the record before it and the proceedings had by and before it and upon the said proceedings, which resulted in the orders made by the said
2698 Commission on March 19, 1915, and April 27, 1915, with its decisions and orders thereupon, whenever made, together with all and singular the evidence, oral and documentary, submitted to it upon all the hearings in connection with the said proceedings, with all its determinations, to the end that the said proceedings, actions and decisions in the premises might be reviewed and corrected and that this Court might cause further to be done therein what of right and according to law ought to be done.

X. The return having been duly made by the Commission, as in and by said writ directed, the said proceedings were duly heard in the Supreme Court, Appellate Division, First Department, and thereafter the said Court, upon the opinion of Mr. Justice Smith, reported in 171 App. Div., 580, which is hereby referred to as though at length incorporated herein, unanimously sustained the said writ and directed that the order and the determination of the said Commission, made March 19, 1915, reviewed under said writ, be and the same was thereby annulled.

XI. Thereafter, an appeal was duly taken by the said Commission to the Court of Appeals, which said Court thereafter and on the 3d day of October, 1916 (219 N. Y., 84), reversed the aforesaid order of the Appellate Division and reinstated the order of the said Commission, holding that the Appellate Division erred only in deciding the facts for itself instead of granting a rehearing.

XII. A writ of error was thereafter and on the 31st day of January, 1917, allowed by the Chief Judge of the said Court of Appeals, to review the judgment of that Court in the United States Supreme

Court, which said Court thereafter, and on or about December 10, 1917, affirmed the said judgment and dismissed the said writ (— U. S., —); and the mandate of the United States Supreme Court, affirming the said judgment, was remitted to this Court and duly filed in the office of the Clerk of the County of New York, and an order entered by this Court, in and for the said County, on January 31, 1918, making the order and judgment of the United States Supreme Court the judgment of this Court.

XIII. Thereafter and on January 4, 1918, your petitioner, in good faith and not for the purpose of delay, applied to the said Commission for a rehearing, upon the ground of newly discovered evidence as in its said petition, a copy whereof is hereto annexed, marked "Exhibit B," and made a part hereof, is set forth.

XIV. Thereafter and on February 1, 1918, the Commission made an order denying the said application, a copy of which said order is hereto annexed, marked "Exhibit C," and made a part hereof. On the same day, the said Commission made its further order in the said proceedings, wherein and whereby it was directed that your petitioner extend its gas mains and services in such a manner as might be required reasonably to serve with gas that community lying in the Third Ward of the Borough of Queens, City of New York, and known as Douglaston, including Douglas Manor; that the time within which the construction of the said proposed extension of gas mains and services be begun, pursuant to the order of the Commission made in said proceeding on March 19, 1915, be and the same was thereby fixed at not later than March 1, 1918;

and that the time within which the construction of the said proposed extension, as far as Alley Road or Main Avenue, Douglaston, be completed by your petitioner be and it was thereby fixed at July 1, 1918; and that the time on or before which your petitioner file with the Commission a general plan or lay-out, showing a proposed transmission and distribution system to be installed by it, suitable and adequate to furnish reasonable service to the community known as Douglaston, including Douglas Manor, pursuant to the terms of the said order of the Commission, as then constituted, made March 19, 1916, be and it was thereby fixed at or before March 1, 1918; and that the time in which the extension be completed by the Company and in service be fixed at not later than July 1, 1918; and that said order take effect forthwith, and that within ten days after the service thereof your petitioner notify the Commission in writing whether the terms of the order of March

19, 1915, were accepted and would be obeyed within the time specified in the said order of February 1, 1918, a copy of which said order is also hereto annexed, marked "Exhibit D" and made a part hereof.

XV. The said orders of March 19, 1915, and February 1, 1918, now remain in full force and effect, to the great harm, prejudice and detriment of your petitioner.

XVI. Your petitioner further shows that on the original hearing your petitioner and the Commission entirely overlooked the uncontroverted scientific fact that the transmission of illuminating gas over a long distance, under pressure, as contemplated by said order, causes the liquefaction and deposit of a large portion of the luminants contained in the gas, reducing the illuminating power 2701 of the gas from thirty to fifty per cent, according to weather conditions, so that the illuminating power of the gas delivered to a large portion of its consumers, and to be delivered to Douglaston and Douglas Manor, would never exceed eighteen candle power and, under varying conditions, might be much less, instead of twenty-two candle power, as required by Chapter 125 of the Laws of 1906, as more fully appears from the affidavit of John B. Klumpp, verified herein on February 9, 1918; and the affidavit of Maynard H. Spear, verified herein on February 25, 1918, both of which are hereto annexed and made a part of this petition.

XVII. Your petitioner further shows that subsequent to the issuance of the said order of March 19, 1915, The City of New York, as your petitioner is informed and verily believes, adopted a final map for the territory in which your petitioner is operating, from which it appears that the grade of Broadway, through which your petitioner is directed by the said order to lay its said high pressure main, is to be raised by a fill of from one to sixteen feet over a distance of thirty-five hundred feet, all as more fully appears from the afore-said affidavit of Maynard H. Spear; so that it would be an absolute waste of your petitioner's funds to require it to lay the said high pressure main at the present time, and later to relay the said main at large additional expense, particularly in view of the fact that the houses, which are not piped for gas, are now being supplied with electric current and gas would not be used for lighting but only for cooking during hot weather. All of which, your petitioner also offered, in its said application for rehearing, to establish by competent evidence.

2702 XVIII. Your petitioner further shows that since the order of March 19, 1915, was issued, the price of materials and labor has enormously increased, so that the expense of laying such additional mains will be at least fifty per cent, greater than that estimated by the Commission's own engineers upon the original hearing. In addition thereto, the cost of operation has increased to such an extent that the actual cost of gas supplied by your petitioner to its present consumers in the Third Ward, Borough of Queens, at the statutory rate of \$1.00 per thousand cubic feet, including therein

interest at six per cent. on its investment in property devoted to gas purposes, is not less than \$1.30 per thousand cubic feet of gas delivered. In view of this situation, it will be impossible for your petitioner to earn any return whatsoever on the investment necessary to be made in order to reach the new territory, and would not be able to earn any return whatever upon the reasonable value of its entire property devoted to the manufacture and distribution of gas.

VIX. Your petitioner further shows that the extension required to be made by the said order is equal to an extension of about sixteen per cent of its existing system, which has gradually grown to its present condition over a period of about half a century; and to make the six miles of transit main, required by the order to be laid, available, it will be necessary to lay an addition thereto, about eleven miles of distributing mains and four miles of service pipe, aggregating about four hundred tons of pipe, requiring fifteen cars to transport it from the mill. Throwing this additional work upon the already overburdened mills and railroads would not be
2703 looked upon with favor by the Federal authorities, as is evident from the Annual Report of the Comptroller of the Currency to the Second Session of the Sixty-fifth Congress of the United States, dated December 3, 1917, and the more recent correspondence between the President and the Secretary of the Treasury.

XX. Your petitioner further shows that since the adoption of the said order of March 19, 1915, proceedings have been instituted on the motion of the Commission on the question of the elimination of the grade crossing over the tracks of the Long Island Railroad, at Main Avenue, Douglaston, known as Case No. 2193, from which it appears that plans were submitted for a slight depression of the tracks at the point of crossing and for a detour of the highway overhead to the east of the present grade crossing, which said plans are opposed by the Douglaston Civic Association, the Douglas Manor Association and other persons affected by such elimination; and your petitioner is informed and verily believes that no definite plans have been adopted for this crossing by the Commission, so that it is impossible for your petitioner to prepare plans for carrying its main across the railroad tracks at Main Avenue, Douglaston, as in and by said order is directed.

XXI. Upon the grounds aforesaid, your petitioner accordingly made application to the Commission for a rehearing; but the said Commission, notwithstanding your petitioner offered to establish the foregoing facts by competent proof, arbitrarily and without regard to your petitioner's rights in the premises and for the purpose of penal-
2704 izing your petitioner and coercing it into making such extension, notwithstanding the matters and things aforesaid, denied such application, thus exposing your petitioner to the possibility of the heavy penalties and forfeitures provided for in the Act aforesaid, should it attempt to deliver gas through the distributing system provided for in the said original order, and threatens to compel an early compliance with the Commission's said original order or to punish your petitioner for non-compliance because

it honestly and in good faith and in the exercise of its constitutional rights, appealed to the Courts for a review of the Commission's said original order, as appears from the opinion of Commissioner Hervey, a copy of which hereto annexed, marked "Exhibit E".

XXII. Your petitioner therefore respectfully submits that the said Commission, in refusing to hear the evidence offered by your petitioner, acted so arbitrarily as to be beyond the usual exercise of discretion and judgment, and the said order of February 1, 1918, denying your petitioner's application for a rehearing, is contrary to law and wholly unjust and unreasonable.

XXIII. The said order of the Commission constitutes a final determination of the rights of your petitioner, in that said order cannot be reviewed by an appeal to any court or to any other body or officers, and your petitioner has no other remedy to review said order, except by writ of certiorari, issued from and out of this Court, directing the Commission to return to this Court the records and all and singular the proceedings, orders, evidence, and decisions in the premises.

XXIV. Not less than four months have elapsed since said determination was made and became final and binding; and 2705 the time has not elapsed within which a writ of certiorari may be issued under the statute in such case made and provided.

XXV. No previous application for a writ herein has been made.

Wherefore, Your petitioner prays that a writ of certiorari be allowed and issued out of this Court, directed to Oscar S. Straus, Travis H. Whitney, Charles S. Hervey, Charles Bulkley Hubbell and F. J. H. Kracke, Commissioners, constituting the Public Service Commission of the State of New York for the First District, requiring and commanding them to return to this Court all and singular the records and proceedings had by and before them in and upon the hearing and determination in the aforesaid proceedings, and which were determined in and by the said orders of March 19, 1915, and February 1, 1918, and the order denying your petitioner's application for a rehearing, dated February 1, 1918, together with all the testimony and evidence upon which they proceeded in arriving at their determination in the premises, to the end that the said order of February 1, 1918, denying your petitioner's application may be reviewed and reversed, vacated, annulled, set aside or modified; and that your petitioner have such other and further relief as to the Court may seem just.

NEW YORK AND QUEENS GAS
COMPANY.

By LEWIS B. GAWTRY, *Vice-President*.

SHEARMAN & STERLING,
Attorneys for Petitioner.

Office and P. O. Address,
55 Wall Street, N. Y. City, N. Y.

COMPLAINANT'S EXHIBIT 112.

Cost of Land of New York and Queens Gas Company.

2706

Compl. Ex. #112.

Mary Rogers	Plot A..	\$1,200.00			
J. F. Rogers et al.	" B..	2,100.00			
Cecelia Rogers	" C..	700.00			
E. & D. Kirby	" D..	3,101.25			
Flushingide R. & C. Co.	" E..	520.00			
Mary Powers	" F..	608.00			
McMahon	" G..	8,410.00			
Raynor (Curetti)	" H..	3,991.65			
		<hr/>			
		\$20,630.90	41,804 sq. feet—49.35 cents per sq. foot		
		2,000.00			
		<hr/>			
Deduct for Kirby House		\$18,630.90		—44.57	" "
Cost of land acquired since Aug. 1, 1904					
Balance of area (applying average price paid for land		29,237.03			
acquired since Aug. 1, 1904)			65,589 "	—44.57	" "
		<hr/>			
Total cost of land		\$47,867.93	107,402 "	—44.57	" "

(Here follows Complainant's Exhibit No. 113, marked page 2707.)

Copied from Minute Book of New York & Queens Gas Company.

Page 1.

Certificate of Incorporation of the New York and Queens Gas Company.

We, the undersigned, all being persons of full age and citizens of the United States and at least one of us a resident of the State of New York, desiring to form a corporation pursuant to Article VI of the "Transportation Corporation Law," do hereby certify:

First. The name of the corporation is to be "New York and Queens Gas Company."

Second. Its objects are to be manufacturing and supplying of gas for lighting the streets and public and private buildings of cities, villages and towns in the State of New York.

Third. The amount of its capital stock is to be Six Hundred Thousand Dollars (\$600,000).

Fourth. The term of its existence is to be fifty years.

Fifth. The number of shares of which

(Page 2.)

the stock shall consist is to be six thousand (6,000) of the par value of One Hundred Dollars (\$100) each.

Sixth. The number of its directors is to be three (3).

Seventh. The names and places of residence of the directors for the first year are as follows:

Charles Thomas, Flushing, New York.

J. Frederick Eagle, Borough of Manhattan, The City of New York, N. Y.

Harry L. Snyder, Montclair, New Jersey.

2709 Eighth. The operations of the corporation are to be carried on in the City of New York within the Borough of Queens, County of Queens, State of New York.

Ninth. The corporation shall have power to purchase, acquire, hold and dispose of the stocks, bonds and other evidences of indebtedness of any corporation, domestic or foreign, and issue in exchange therefor its stock, bonds or other obligations.

The capital stock or any part thereof

(Page 3.)

of the corporation, now authorized or as increased, may in the discretion of the Board of Directors be issued and sold without previous offer to then existing stockholders.

Directors need not be stockholders in the corporation.

In witness whereof we have made, signed and acknowledged this certificate in duplicate this 7th day of July, 1904.

(Signed)

CHARLES THOMAS,
J. FREDERICK EAGLE,
HARRY L. SNYDER.

STATE OF NEW YORK,

City and County of New York, ss:

On this 7th day of July, 1904, before me personally came Charles Thomas, J. Frederick Eagle and Harry L. Snyder, to me severally known and known to me to be the persons described in and who made and signed the foregoing certificate and severally acknowledged to me that they made, signed and executed the same for the uses and purposes therein set forth.

[SEAL.]

THOMAS ROBINSON,
Notary Public, New York County.

2710 Pages 4 and 5 are blank.

Page 6.

Minutes of the First Meeting of the Directors, Being Also All the Incorporators of the New York and Queens Gas Company, Held at No. 40 Wall Street, in the City of New York, on the 13th Day of July, 1904, at 12 o'clock Noon.

Present: Messrs. Charles Thomas, Harry L. Snyder and J. Frederick Eagle.

On motion Mr. Thomas was elected Chairman, and Mr. Snyder Secretary of the meeting.

Evidence was presented that the certificate of incorporation had been filed in the office of the Secretary of State and in the office of the Clerk of the County of Queens.

On motion the Board then proceeded to the election of officers with the result that the following persons were elected to the positions respectively stated, to wit:

Charles Thomas, President.

J. Frederick Eagle, Vice-President.

Harry L. Snyder, Secretary.

Harry L. Snyder, Treasurer.

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Page 7.

A code of by-laws was thereupon presented and unanimously adopted; said by-laws being copied in this minute book from pages 290 to 296 inclusive.

The following proposition dated July 12, 1904, was presented by Mr. Henry R. Wilson:

New York and Queens Gas Company:

I offer to sell and deliver to you the entire outstanding stock (to wit: \$300,000 common and \$50,057 14/100 preferred) of the Newtown and Flushing Gas Company, with the entire outstanding bonds of that company (to wit: \$300,000) for \$1,250,000, payable as follows:

\$600,000 thereof in your capital stock, being the entire authorized stock of the company \$650,000 in your corporate bonds of \$1,000 each, dated August 1, 1904, and payable thirty years after date, with interest at 5% (both principal and interest payable in gold), with the option to you to redeem said bonds or any thereof at 110 per cent, with accrued interest, provided however, that said bonds should be secured by your first mortgage, and shall be of an issue of not exceeding \$1,000,000 secured by such mortgage; all other details of said bond and mortgage to be as approved by you;

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you to pay me in addition on or before August 1, 1904, an amount equal to six months' interest on said Newtown and Flushing bonds and 3% on its said preferred stock.

Some of your board are now already familiar with the value of the property offered, and I shall be very glad to present such further information as you may desire.

HENRY R. WILSON.

July 12, 1904.

Upon consideration of such offer the following preamble and resolution were offered and unanimously adopted.

Whereas, the directors believe and hereby adjudge and determine that the property offered by said Henry R. Wilson is worth at least the price which he demands therefor.

Resolved that the Company accept the offer of said Henry R. Wilson and purchase from him the entire capital stock (to wit, the 300,000 common and \$50,057 14/100 preferred in par value) of the Newtown and Flushing Gas Company, with the entire outstanding bonds of that Company (to wit \$300,000 in par value), for \$1,250,000 plus an amount equal to six months' interest on said bonds and

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3% on said preferred stock, payable as follows: \$600,000 in the capital stock of this company,

\$650,000 in bonds of this company of \$1,000 each, dated August 1st, 1904, and payable thirty years after date with interest at 5% (both principal and interest payable in gold), with an option to the company to redeem said bonds or any thereof on any interest date

at 110% with accrued interest, said bonds to be secured by the company's first and general mortgage and to be of an issue of not exceeding \$1,000,000 secured by such mortgage.

A sum equal to six months' interest (to wit \$7,500) on said Newtown and Flushing bonds and three per cent (to wit, \$1,500) on its preferred stock in cash on the first day of August, 1904.

And that the officers of this company be and they hereby are authorized to consummate this transaction and accept said property and issue, deliver and make payment of such consideration therefor.

Thereupon the following resolutions were offered and unanimously adopted:

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Resolved, that in order to acquire, extend and improve its plant and borrow money to meet its obligations and for other lawful purposes of its incorporation, this company make and execute its corporate bonds to the par value of \$1,000,000 to consist of 1,000 bonds of the par value of \$1,000 each to bear date August 1, 1904, payable August 1, 1934, with interest payable semi-annually on the first days of February and August in each year at the rate of five per cent per annum until the principal sum shall be paid, both principal and interest payable in gold coin of the United States of the present standard of weight and fineness said bonds to be redeemable by the company on any interest date, and 110 per cent of their par value, with accrued interest and that said bonds be signed and executed by the President or Vice-President and by the Secretary in the name and behalf of this company, and that the Secretary affix the corporate seal thereto, the coupons attached to such bonds to bear the engraved signature of the Treasurer of the company, also.

Resolved, that to secure the payment of said bonds and the interest thereon this company execute to the Lincoln Trust Company, of the City of New York, a mortgage or deed

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of trust bearing date August 1st, 1904, covering all its properties, rights, privileges and franchises, acquired, and to be acquired, and that the President and Secretary be, and they hereby are, authorized and directed to execute and deliver such mortgage under the corporate name of the company and in its name and behalf, provided, however, that said mortgage shall not be delivered until the consent thereto of two thirds of the stockholders of said corporation shall have been given in writing or by vote at a special meeting according to law, and also

Resolved, that the form, language and terms of said bonds and mortgage be approved and fixed, except so far as above defined, by the President of the company in its behalf.

On motion duly seconded the Lincoln Trust Company of the

City of New York, was unanimously appointed transfer agent of the stock of the company.

On like motion the First National Bank of New York was unanimously appointed registrar for the stock of the company.

On motion the meeting thereupon adjourned.

(Signed)

H. L. SNYDER,

Secretary.

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Meeting of the stockholders of the New York and Queens Gas Company, held at 40 Wall Street, Borough of Manhattan, City of New York, on the 15th day of July, 1904, pursuant to waiver signed by all the stockholders, which is as follows:

I hereby waive notice of a meeting of the stockholders of the New York and Queens Gas Company to be held at 40 Wall Street, Borough of Manhattan, City of New York, on the 15th day of July, 1904, for the purpose of adopting by-laws of the company.

Dated, New York, July 15th, 1904.

HENRY R. WILSON.

There were present persons representing the entire capital stock of the company. On motion, Mr. Wilson was appointed Chairman and Mr. Eagle Secretary of the meeting.

A set of by-laws prepared by counsel for the company was presented to the meeting, which after consideration and upon motion were unanimously adopted as by-laws for the company. The by-laws hereby adopted are the same as those adopted by the incorporators and directors of the company at a meeting held on the 13th day of July, 1904.

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and are found in this Minute Book from pages 290 to 296 inclusive.

On motion the meeting adjourned.

(Signed)

J. FREDERICK EAGLE,

Secretary of Meeting.

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Minutes of a Special Meeting of the directors of the New York and Queens Gas Company held at No. 40 Wall Street, in The City of New York on the 18th day of July, 1904, at 10 o'clock A. M.:

Present: Messrs. Thomas, Snyder and Eagle.

Waiver of notice of the meeting signed by all the directors was read and ordered on file.

The Secretary reported that the purchase of the stock and bonds of the Newtown and Flushing Gas Company from Henry R. Wilson had been duly consummated according to the offer of said Wilson as accepted by the directors; and thereupon the following preamble and resolution were moved, seconded and unanimously adopted:

Whereas, the New York and Queens Gas Company lawfully owns all the stock of the Newtown and Flushing Gas Company a stock corporation organized for and engaged in business similar to that of said possessor corporation, be it

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Resolved, by the Board of Directors of the New York and Queens Gas Company that said Newtown and Flushing Gas Company be, and the same hereby is, merged with and into the New York and Queens Gas Company and that a certificate of this company's ownership of all the stock of said Newtown and Flushing Gas Company and of this resolution of the Board of Directors to merge said corporation be executed by the President and Secretary of this company, with the corporate seal attached, and be filed in the office of the Secretary of State, to the end that this company do thereupon acquire and become and be possessed of all the estate, property, rights, privileges and franchises of said Newtown and Flushing Gas Company, and that they be vested in and held and enjoyed by this company as fully and entirely without change or diminution as the same were before held and enjoyed by said Newtown and Flushing Gas Company, according and subject to the provisions of the law of the State of New York.

The meeting thereupon adjourned.

(Signed)

H. L. SNYDER,

Secretary.

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Minutes of a Meeting of the Directors of the New York and Queens Gas Company Held on the 3d Day of August, 1904, at 208 Fifth Avenue in the City of New York.

Present: Messrs. Charles Thomas, Harry L. Snyder and J. Frederick Eagle.

A waiver of notice of the meeting, signed by all the directors, was presented to the meeting and on motion ordered on file.

Mr. Eagle's resignation as director of the company was presented, and on motion was duly accepted.

On motion, duly seconded, Mr. Frank Tilford was elected to fill the vacancy occasioned by the resignation of Mr. Eagle and thereupon took his seat in the Board.

The resignation of Mr. Thomas as President of the company was presented to the meeting, and on motion, duly seconded, was accepted.

On motion, duly seconded, Mr. Frank

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Tilford was elected President of the company.

Mr. Thomas offered his resignation as director of the company, and on motion, duly seconded, his resignation was accepted.

On motion, duly seconded, Mr. Henry R. Wilson was elected director of the company to fill the vacancy occasioned by the resignation of Mr. Charles Thomas.

On motion, duly seconded, Mr. Charles Thomas was appointed 2nd Vice-President and General Manager of the Company.

The resignation of Mr. Eagle as Vice-President of the Company was presented to the meeting, and on motion, duly seconded, was accepted.

On motion, duly seconded, Mr. Henry R. Wilson was elected Vice-President of the company.

On motion the meeting adjourned.

(Signed)

H. L. SNYDER,

Secretary.

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We, being all the directors of the New York and Queens Gas Company, hereby waive notice of a meeting of the directors to be held at the office of the company, 208 Fifth Avenue, New York City, on the 21st day of October 1904, at 10 o'clock, for the purpose of acting upon a proposition to request the Union Trust Company of New York to cancel the mortgage of the Newtown and Flushing Gas Company to the Union Trust Company of New York, which mortgage was dated the 1st day of August, 1900, and for the purpose of transacting any other business which may come before the meeting.

Dated, New York, October 21st, 1904.

(Signed)

"

"

HENRY R. WILSON,

H. L. SNYDER,

FRANK TILFORD.

Comp. Ex. 115. J. A. F.

New York & Queens Gas Company.

Defendants' Exhibit A-20 as to Revenues and Expenses During 1920 Extended to Cover Five Months' Period Ending May 31, 1920.

	Five months ending May 31st.		(D)
	1919.	1920.	
Gas Sales (M Cu. Ft.).			
Municipal buildings	780.8	703.0	77.8
Prepayment	31,819.0	36,545.5	4,726.5
Commercial metered lighting	102,309.0	135,850.3	33,541.3
Total Gas Sales	134,908.8	173,098.8	38,190.0
Operating Revenues.			
Gas Sales:			
Municipal building @ \$.75	\$ 585.60	\$ 527.25	(D) \$ 58.53
Prepaid Gas @ \$1.00	31,819.15	36,543.55	4,724.40
Commercial metered lighting @ \$1.00	101,477.60	135,552.12	34,074.52
Total Gas Sales	\$ 133,882.35	\$ 172,622.92	\$38,740.57
Rent of Gas Appliances	4,882.35	6,024.91	1,142.56
Gas Merchandise & Jobbing Revenue	1,732.92	6,136.26	4,403.34
Total Operating Revenue	\$ 140,497.62	\$ 184,784.09	\$44,286.47
Per M sold	\$0.0414	\$1.0675

COMPLAINANT'S EXHIBIT 115—Continued.

	Five months ending May 31st.	
	1919.	1920.
Operating Revenue Deductions.		
Production expenses	\$98,577.30	\$132,520.17
Transmission & distribution expenses	11,555.80	18,476.41
Commercial administration	6,782.29	13,616.80
Promotion of business	1,012.81	1,207.17
General & Miscellaneous expense	10,682.40	15,342.14
Renewals & Replacements	4,047.16	5,192.96
Total Operating Expenses	\$134,657.76	\$186,355.65
Tax Accruals	11,000.00	10,750.00
Uncollectible Bills	648.37	260.18
Total Revenue Deductions	\$146,306.13	\$197,365.83
Per M sold	\$1.0845	\$1.1402
Operating Deficit.		
Excess of expenses over revenue	5,808.51	12,581.34
Operating Revenue.	Per M cu. ft. sold.	
	\$1.0414	\$1.0675
Revenue Deductions:		
Production	.7307	.7658
Transmission & distribution	.0857	.1067

\$33,942.87

6,920.61

4,834.51

194.36

4,659.74

1,145.80

\$51,697.89

250.00

388.19

\$51,059.70

6,773.23

